

BRAZOS COUNTY, TEXAS

Comprehensive Annual Financial Report

For The Year Ended September 30, 2004



Prepared by:

Katie Conner, C. P. A.
County Auditor

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**Office of the Brazos County Auditor
Brazos County Courthouse
300 East 26th Street, Suite 314
Bryan, Texas 77803
(979) 361-4350
Fax (979) 361-4347
Email: Auditor@co.brazos.tx.us**

March 21, 2005

The Honorable Board of District Judges

J. D. Langley, Judge, 85th Judicial District
Rick Davis, Judge, 272nd Judicial District
Steve Smith, Judge, 361st Judicial District

The Honorable Commissioners' Court

Randy Sims, County Judge
Eric Caldwell, Commissioner, Precinct 1
Duane Peters, Commissioner, Precinct 2
G. Kenny Mallard Jr., Commissioner, Precinct 3
Carey Cauley, Jr., Commissioner, Precinct 4

Honorable Judges and Commissioners of Brazos County, Texas:

In compliance with Section 114.025 of the Texas Local Government Code, the Comprehensive Annual Financial Report of Brazos County, Texas (the "County") for the fiscal year ended September 30, 2004, is hereby submitted.

This report consists of management's representation concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the basic financial statements will be free from material misstatement. The responsibility for internal controls is shared by Commissioners' Court, which is the governing body, the County Auditor, who is appointed by the District Judges, and the County Treasurer. We believe that the County's internal accounting

controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's basic financial statements have been audited by Ingram, Wallis and Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the fiscal year ended September 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the basic financial statements; assessing the accounting principles used, and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the basic financial statements of Brazos County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are contained in this report in the section titled "Independent Auditor's Reports on Compliance and on Internal Control Over Financial Reporting".

Generally accepted accounting principles require a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The introduction includes this transmittal letter, the County's organizational chart and a list of principal officials. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Brazos County's MD&A can be found immediately following the report of the independent auditors. The financial section also includes government-wide financial statements, fund financial statements, notes to the basic financial statements, required supplementary information and the combining and individual fund financial statements and schedules in addition to the report of the independent auditors. The statistical section of this report includes selected financial and demographic information, which is generally presented on a multi-year basis.

PROFILE OF BRAZOS COUNTY

Brazos County is located in East Central Texas, in an area bounded on all sides by large metropolitan areas. Dallas-Ft. Worth is 180 miles to the north, Houston 95 miles to the southeast, Austin 104 miles to the west, and San Antonio 166 miles to the southwest. Approximately 75 percent of the Texas and 10 percent of the Louisiana populations, a combined total of 16 million people, reside within a 200-mile radius of Brazos County. There are two major cities in the County that make up the business and cultural center, Bryan and College Station. They have a combined population of approximately 142,800.

The County lies in what is often referred to as the “Post Oak Belt,” where fields, valleys and rolling green hills have an abundance of trees including post oak, live oak, red oak, elm and hickory. The average elevation in the County is 300 feet above sea level.

The County is a public corporation and a political subdivision of the State of Texas. The general governing body of the County is the elected five-member Commissioners’ Court in accordance with Article 5 Paragraph 18 of the Texas Constitution. Commissioners serve four-year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four-year term.

The Commissioners’ Court sets the tax rates, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the County Auditor. The Commissioners’ Court is also responsible for development of policies and procedures, approving financial commitments and appointment of various department heads. The management and leadership provided by members of the Commissioners’ Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth.

The County Auditor has responsibilities for prescribing the systems and procedures for handling the finances of the County and “examining, auditing and approving” all disbursements from County funds prior to their submission to the Commissioners’ Court for approval.

The County provides a full range of services as authorized by the Constitution and Statutes of the State of Texas. The primary functions include general government, justice system, law enforcement, juvenile services, public transportation, public health, human services, and debt service.

The annual budget serves as the foundation of the County’s planning and control. Budget hearings are posted annually in July with the final budget approved by the Commissioners’ Court following the hearings. The final budget includes contingency and emergency reserves line items. Unencumbered appropriations lapse at fiscal year-end. Most appropriated budgets are prepared by fund, function, department and classification. Capital expenditures are approved on a line item basis. All budget transfers between departments must follow special approval processes. Budget to actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted.

The Governmental Accounting Standards Board defines the reporting entity as the primary government and its component units. Brazos County is a primary governmental unit, and the financial statements include all funds, account groups, agencies, boards, commissions and authorities for which the elected officials of the County are financially accountable. The statements include all items that, by the nature and significance of the relationship between the entity and the County, are such that their exclusion from the financial reporting format would render the financial statements misleading or incomplete.

There are several entities that function under the umbrella and control of the Commissioners’ Court, for which the Commissioners’ Court has fiscal responsibility. The Brazos County Juvenile Services and the Brazos Valley Narcotics Task Force have independent boards that

provide operational control. These two entities are not legally separate from the County and are included in the operations and activities of the County's General Fund. The Commissioners' Court approves the operating budgets and the expenditures of these entities. Operational funding is derived from state, federal, and local funds.

The Brazos County Health Facilities Development Corporation, the Brazos County Industrial Development Corporation and the Brazos County Housing Development Corporation are related organizations. These corporations were created by resolutions of the Commissioners' Court to enable the various third party organizations the ability to issue tax-exempt bonds to provide low cost funding to promote and improve the health and welfare of the public. The tax-exempt bonds issued by these corporations do not constitute a debt or a pledge of faith or credit of the corporation or the County, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. Each corporation is governed by a Board of Directors made up of members of the Commissioners' Court.

FACTORS AFFECTING FINANCIAL CONDITION

General Information

The official census for 2000 established the population of the County at 152,415, with 55,202 households and approximately 108,000 persons between the ages of 18 and 65. Of the population that is over age 25, 81.3% are high school graduates and 37% have obtained a bachelor's degree or higher. These numbers compare to 75.7% and 23.2% respectively, for the state of Texas as a whole. Over the last 14 years the population in the County has grown 32% and the Texas State Data Center is projecting the population to increase by 11% from now until the year 2015.

In 1991 the gross consumption sales reported for all industries in the County were \$1.6 billion. In 1997 the Sales and Use Analysis Report of the Comptroller of Public Accounts for the State of Texas reflected \$2.6 billion for gross consumption sales in the County. And, for the twelve months ended December 2004 the Comptroller's office estimates the gross sales to approach \$3.5 billion for the County. Thus, over the last 13 years the gross consumption in the County has increased 120%. The finance, insurance and real estate industries have experienced a 39% increase in sales since 2000 and the wholesale trade and services industry sales have increased 14% since 2000.

Employment

For the last five years, the County has enjoyed the lowest unemployment rate in the State (1.7% for 2004). The current labor force figures for the County as established by the Texas Workforce Commission are 86,543 of which 85,088 are currently employed. 41% of the workforce is employed in government, 12.9% in trade, transportation and utilities, 10.4% in leisure and hospitality, 10.1% in education and health services, 5.8% in manufacturing, 5.4% in professional and business services, 5.0% in construction, 4.0% in financial activities, 3.1% in other services 1.4% in information and 0.9% in natural resources and mining.

The employment base of the area by industry classification is as follows:

<u>Employer Group</u>	<u>Number Of Employees</u>
State, Local, Federal Government	34,860
Trade, Transportation and Utilities	10,950
Leisure and Hospitality	8,840
Education and Health Services	8,640
Manufacturing	4,922
Professional and Business Services	4,621
Construction	4,220
Financial Activities	3,415
Other Services	2,612
Information	1,205
Natural Resources and Mining	803
	<u>85,088</u>

Source: Texas Workforce Commission

From December 2003 to December 2004 the area has added approximately 2300 jobs in nonagricultural industries. The largest growth has been in the government industry (600 jobs) with the leisure and hospitality industry, coming a close second (400 jobs). As of December 2004 the area has maintained a positive growth rate for seventeen months (2.8%).

Higher Education

Brazos County is the home of Texas A&M University, the fourth largest university in the United States. The University employs 12,000 permanent and part time employees and serves an enrollment of 44,000 on a 5,200-acre campus. The University offers degrees in almost 160 courses of study through the various colleges on campus. Texas A&M University is ranked among the top ten research institutions in the nation. Each year, faculty and graduate students conduct approximately \$500 million in sponsored research projects. The permanent plant for the university is valued at more than \$1 billion. The University records in excess of 880,000 visitors annually.

In March 2004 an in-house study conducted by Texas A&M University estimated that the University directly contributes \$900 million dollars annually to the local economy - and that after applying an economic multiplier that considers the number of times each dollar is typically spent before leaving the community - the overall economic impact on this area was nearly \$2.25 billion in 2003.

In 2003, the University and System payroll for the 21,728 employees was \$620.2 million, and the economic impact of the 44,000 students at A&M was estimated at about \$218 million. Campus visitors are estimated to generate \$62.2 million in expenditures for categories such as food, lodging, gasoline and services for the local economy (source *The Bryan - College Station Eagle*, March 7, 2004).

The University has the distinction of providing space for the George Bush Presidential Library Center and the George Bush School of International Study. The Library provides a tremendous research center, and is hosting in excess of 300,000 visitors annually. This facility, along with the 324-acre University Research Park, provides an attraction for both national and international visitors. The presence of Texas A&M has consistently provided incentive for residential development and growth, and offered the area some insulation from adverse economic effects.

In addition to the four-year program Texas A&M offers, Blinn College offers two-year programs and two locations to choose from: the main campus in Brenham and a branch location in Bryan. Both locations offer various technical certificates and associates degrees in arts and sciences. The Bryan location offers the same programs and degrees as the main campus, but also takes part in a joint collaborative effort with Texas A&M University. The Blinn "TEAM" program allows select students to take courses at both Texas A&M and Blinn College in an effort to prepare them to become full-time students at TAMU (www.researchvalley.org).

Transportation

The County and both of the major cities are dedicated to providing superior transportation services. The Texas Department of Transportation is currently evaluating North-South and East-West arteries for additions and upgrades. Expansion projects have begun to provide four-lane divided State highways to connect the County with ready access to Austin to the west, Houston to the South, Waco to the North, as well as Dallas via Interstate 35 and 45. These additions and upgrades are expected to include the widening of State Highway 6 from FM 159 to the Navasota River, and the widening of State Highway 21 from Kurten to the Madison County line. A recently completed East-West bypass connects the metroplex with an Austin arterial route (State Highway 21). Local plans by the Metropolitan Planning Organization also prioritize a \$10 million overpass at Harvey Mitchell Parkway South and Wellborn Road.

Homeland Security

Texas A&M University has been selected as the national site for the new Integrative Center for Homeland Security, in response to the nation's fight against domestic terrorism. The center is internationally recognized for expertise in the safety aspects of food and agriculture, transportation, information archiving and security, management of biohazards, health issues and other areas such as training of first-responders and medical personnel. Combining the resources of Texas A&M, the Texas Engineering Extension Service (TEEX), the Texas Engineering Experiment Station (TEES), the Texas Agricultural Experiment Station (TAES), the Texas Transportation Institute, the Texas Veterinary Medical Diagnostic Laboratory and the Institute for Biosciences and Technology has resulted in a homeland security powerhouse. Training is conducted under realistic conditions at TEEX's state-of-the-art, 120-acre Emergency Response and Rescue Training Field, "Disaster City," a mock city with numerous full-scale training props and the Emergency Operations Training Center. Investment in the center is projected at \$120 million over a five-year period.

Growth

During 2004 Brazos County experienced a growth in retail space and the trend is expected to continue into 2005. Construction was completed on the Home Depot at the corner of University Drive and State Highway 6 in the fall of 2003. The former Manor East Mall on Villa Maria Road has been renovated and expanded to become the Tejas Center. The Center includes a 93,000 square foot HEB grocery store, as well as new facades and remodels for the existing Bealls and Hastings. Another retail center across the street from the Tejas Center will contain a Walgreen's and other retailers. In College Station plans are underway for a 300,000 square foot shopping center in front of the Pebble Creek subdivision and an upscale center between Highways 30 and 60 will combine shopping, restaurants, offices and apartments.

In October 2004 construction began on a 45,000 square foot ice rink on Holleman Drive East in the Wolf Pen Creek district. The facility will house a NHL-size ice rink with seating to accommodate 500 spectators. Also on site will be a pro shop, a skate rental shop and several meeting and party rooms. The facility is expected to open in the spring of 2005 and will offer a large selection of skating programs and off-ice events to include public skating sessions, learn-to-skate lessons, hockey, figure skating and broomball. The facility will also become the official home for the Texas A&M Club Hockey Team.

Construction was completed on a \$34 million four-story bed tower addition to the St. Joseph Regional Health Center. The tower offers space for support services such as a pharmacy, houses a new day surgery unit, 36 critical care beds and 36 medical/surgical beds. Construction was also completed on the \$12 million medical office building connected to the College Station Medical Center. The four-story building brought the total medical office space for that area to over 200,000 square feet.

CAPITAL IMPROVEMENT PROGRAM

In 2004, the Commissioners' Court of Brazos County continued the strategic planning program concerning capital improvements and expansion that was begun in 1996. This program focuses on meeting current and future needs of the County. During 2004 the County continued construction of county roads to connect major thoroughfares. The County upgraded over 5 miles of road during the year at a cost of over \$1.3 million dollars and expended over \$5 million dollars in maintaining County roads. The Commissioners' Court has continued to provide adequate funding so that the road and bridge improvement program to upgrade and widen rural County roads could be continued. The program has been in place since 1996 and Commissioners' Court appropriated a public transportation budget for fiscal year 2005 to include \$5 million (includes personnel services, supplies and other charges, repairs and maintenance, contract services and professional services) for routine maintenance, and \$3 million for improvements and upgrades.

The County successfully implemented an upgrade to the financial software in the fall of 2004 and is anticipating continued advances in the financial transaction recording and reporting functions.

During 2004, the County engaged a consultant, Wiginton, Hooker and Jeffry, Architects to assist the Commissioners' Court in determining the future space needs of the County. The consultant has performed extensive analysis of the current needs of County offices, to include land and building areas available for expansion, functionality required between County offices that work closely together such as the courts and the jail system, accessibility and costs. The analysis included discussions with the elected officials and department heads of the County as well as crime and justice statistics and trends from across the country, the state and Brazos County. The results of this evaluation will assist the County in facility planning for the next twenty years. One result of this analysis is that the County has purchased an additional 9.88 acres on Highway 21 near the existing Detention Center for the construction of a Sheriff's Administration building. Construction of the facility is expected to begin sometime in 2005.

During the current fiscal year the County continued development of the land and utilities for the Exposition Center. The County paid \$386,000 for architect fees and site development and anticipates construction to begin in 2005.

DEBT ADMINISTRATION

Debt administration is monitored through the Debt Service Fund. The County has never defaulted on the payment of principal or interest on its bonds or certificates of obligation. The County currently enjoys a Moody's Investor Service rating of Aaa, and a Standard and Poor rating of AA+. In compliance with the requirements of the bond order and certificate of obligation agreements, the County maintains separate accountability. The tax rate set each year is calculated to provide sufficient funding to meet current year obligations. The County has \$1.6 million reserved in the Debt Service Fund to meet future obligations. In November 2001, the voters of Brazos County passed a proposition which allowed Commissioners' Court to sell \$18.5 million in General Revenue Bonds to be used for the construction of a County Exposition Center. The Court sold \$8,000,000 of the bonds in December 2001. The County anticipates selling \$5,000,000 in fiscal year 2004-2005 or later with the remaining \$5,500,000 to be sold in future fiscal years. In November 2003, the County issued \$10,000,000 in Certificates of Obligation to fund facility needs, infrastructure improvements, and equipment purchases, and in September 2004 the County issued \$5,000,000 in Certificates of Obligation to fund additional facility and land needs as well as capital road projects. For the 2004-2005 fiscal year the County debt service portion of its property tax rate is \$.0632 per \$100 valuation and assuming the County sells \$5,000,000 in General Obligation Debt for the Exposition Center in 2004-2005 the debt service rate for fiscal year 2005-2006 is expected to be \$.0637 for every \$100 in valuation.

CASH MANAGEMENT

The County has adopted an investment policy as required by state law and in conformity with state investment statutes. The investment policy as adopted by the County employs the prudent person concept in that priorities were established as to the investment vehicles the County would use. Safety was established as the first priority, followed by liquidity, low risk and diversification. The County Treasurer is responsible for administering all of the investment of idle funds in the County. At September 30, 2004, the County had cash and cash equivalents of \$51.7 million - 76% of which was invested in the County's depository and 24% invested in Texpool, a statewide investment pool. The County had approximately \$9.2 million of agency of

agency funds invested in money market, time deposits and property. During the fiscal year, the County had an average of \$45.1 million invested, which earned approximately \$674,000.

RISK MANAGEMENT

The County's Risk Management Department is responsible for assessing exposure to risk that the County may have and is responsible for obtaining coverage against that risk. The County practices risk management through a combination of self-insurance and traditional insurance. The Commissioners' Court evaluates management risks and a prescribed direction is assessed. Property and casualty insurance are obtained at reasonable premium rates and purchased through traditional insurance carriers. The County's property and casualty insurance coverage includes general liability, auto liability, law enforcement, workers' compensation, fire, theft, and public officials' errors and omissions. The County, for the year ended September 30, 2004, did not reduce any of its insurance coverage, and all claims against the County had been settled or the underwriter had accepted responsibility for them. The County insures all its buildings at estimated replacement cost.

For several years, Brazos County has been self-insured with reinsurance available for major claims related to health insurance. This procedure allows the County to retain and invest all reserves and premium payments. The County has retained a third party administrator to handle all claims. The County's plan is similar to a preferred provider organization plan with a deductible applicable to some types of claims.

The County's workers' compensation insurance program is through the Texas Association of Counties. The program provides medical and indemnity payments as required by law for on-the-job related injuries. Each department is charged monthly for the cost to cover the employees. All department assessments are transferred to the Internal Service Fund (Health and Life Insurance). The Internal Service Fund is responsible for settling all claims.

The Commissioners' Court has developed a "safety loss control program" designed to reduce risks to County employees. Programs are developed and implemented by an established steering committee. To date, the programs (defensive driving, facility safety audits, preventive maintenance for all buildings and grounds, personnel training classes and incentives for loss prevention) have been successful in reducing the number of injuries and the County's worker's compensation reimbursement rate for the past three years. Industry forecasts of future increases in the cost of insurance have prompted the Commissioners' Court to obtain the services of a "risk management consultant." The consultant's expertise will help the County reduce and/or hold increases to a minimum by adjusting liability limits and levels of self-insurance.

CERTIFICATE OF ACHIEVEMENT

This report has been prepared following the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. The GFOA awards a certificate of achievement to those governments whose annual financial reports are judged to conform substantially to high standards of public financial reporting, including generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The County has been awarded the Certificate of Achievement for its annual financial report since

1988. The report has historically presented the financial information of the County in an easily readable and efficient manner. A Certificate of Achievement is valid for one year. This office believes that the current year report continues to meet the program standards, and it will be submitted to the GFOA to determine County eligibility for another certificate.

We wish to express our thanks to the Commissioners' Court and the District Judges for their support and interest in planning and conducting the financial affairs of the County in a responsible and professional manner. This report could not have been completed in a timely manner without the dedicated efforts of all County elected officials, Commissioners' Court, the County Auditor's staff, and the independent auditors, Ingram, Wallis & Company, P. C.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Katie Conner', with a long horizontal flourish extending to the right.

Katie Conner, CPA
County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Brazos County,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

BRAZOS COUNTY, TEXAS
PRINCIPAL OFFICIALS
September 30, 2004

Commissioners' Court:

Randy Sims
Eric Caldwell
Duane Peters
G. Kenny Mallard, Jr.
Carey Cauley, Jr.

County Judge
Commissioner, Precinct 1
Commissioner, Precinct 2
Commissioner, Precinct 3
Commissioner, Precinct 4

District Court:

J. D. Langley
Rick Davis
Steve Smith

Judge, 85th Judicial District
Judge, 272nd Judicial District
Judge, 361st Judicial District

County Court-at-Law:

Randy Michel
James Locke

Judge, County Court-at-Law No. 1
Judge, County Court-at-Law No. 2

Law Enforcement and Correction:

Christopher C. Kirk
James Kuboviak
Bill Turner
Rhonda Gilchrist *
Arlene Parchman *

Sheriff
County Attorney
District Attorney
Chief Juvenile Probation Officer
Chief Adult Probation Officer

Financial Administration:

Kay Hamilton
Gerald L. Winn
Katie Conner*

Treasurer
Tax Assessor-Collector
Auditor

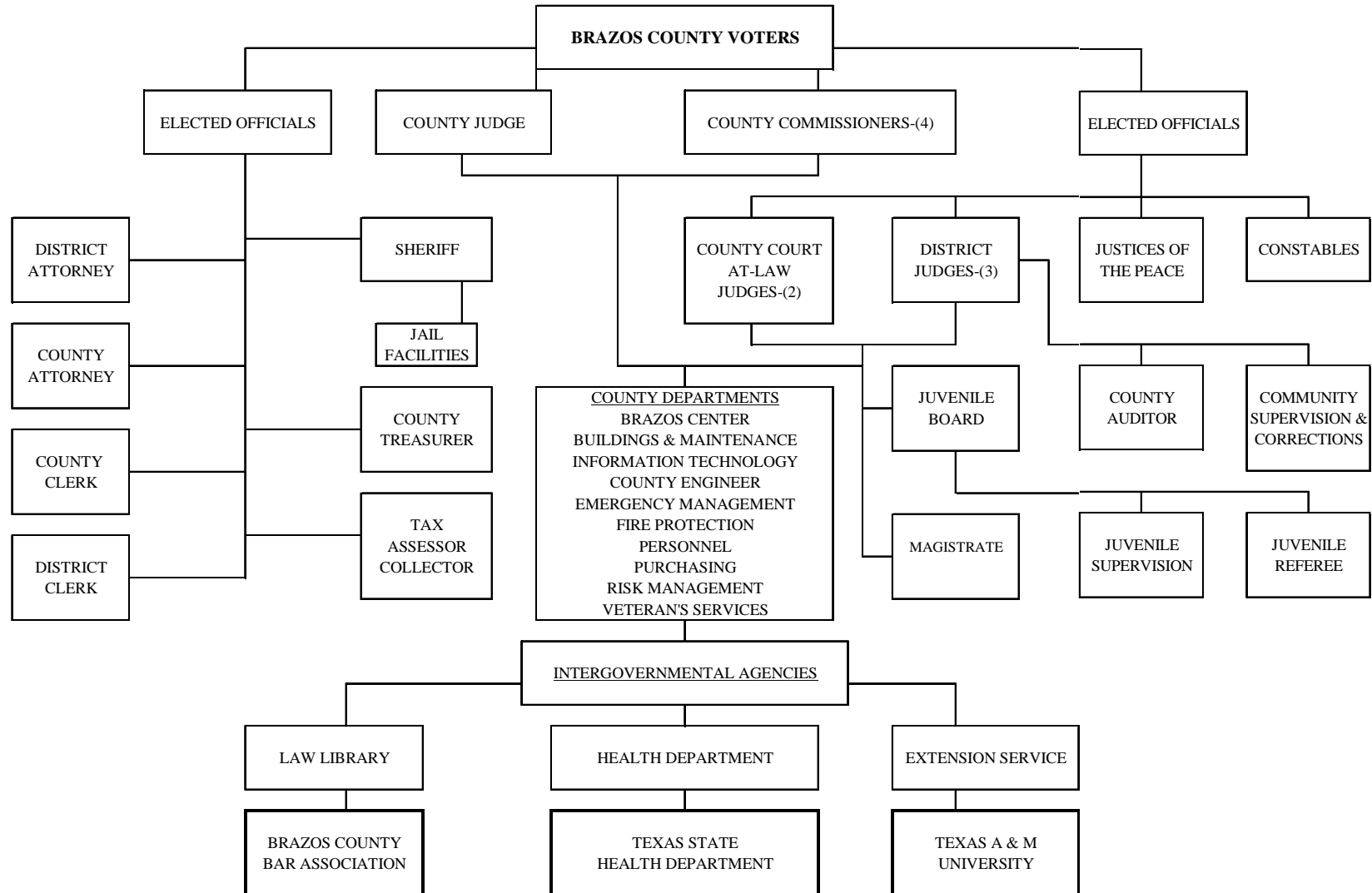
Recording Offices:

Karen McQueen
Marc Hamlin

County Clerk
District Clerk

* Designates appointed officials. All others listed are elected officials.

BRAZOS COUNTY ORGANIZATIONAL CHART



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INGRAM, WALLIS & COMPANY

A PROFESSIONAL CORPORATION

Certified Public Accountants

2100 E. Villa Maria, Suite 100

BRYAN, TEXAS 77802

James D. Ingram, III
Thomas A. Wallis
James D. Ingram, IV
Richard L. Webb

Judith W. Childs
Kenneth W. Chumchal
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INDEPENDENT AUDITOR'S REPORT

Honorable Randy Sims, County Judge
and the Honorable County Commissioners
Brazos County, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Brazos County, Texas (the "County"), as of and for the year ended September 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 17, 2004, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, retirement system information and budgetary comparison information on pages 16 through 29 and 77 through 89, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of capital assets used in the operation of governmental funds and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, schedules of capital assets used in the operation of governmental funds and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Bryan, Texas
December 17, 2004

Ingram, Walker & Company

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

For the Year Ending September 30, 2004

This section of the Brazos County comprehensive annual financial report presents management's discussion and analysis ("MD&A") of the financial performance of the primary government during the fiscal year ended September 30, 2004. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The total government-wide assets of the County exceeded the liabilities at September 30, 2004 by \$77,132,923, and are reported as total net assets of the primary government. Of this amount, \$43,400,017 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$3,328,283 is restricted for specific purposes (restricted net assets) and \$30,404,623 is invested in capital assets, net of related debt.
- The County's total net assets increased by \$3,362,473, of which \$2.1 million is attributable to a 0.0154 per \$100 valuation increase in the ad valorem tax rate and an increase of approximately \$1.2 million in charges for services due to continuing enhancement of the fine and fee accounts receivable collection.
- As of September 30, 2004, the County governmental funds reported combined fund balances of \$42,006,521. Approximately 86% of the combined fund balances, \$36,201,392 is available to meet the County's current and future needs (unreserved fund balances).
- At the end of the fiscal year, unreserved undesignated fund balance for the general fund is \$14,815,738 or 37% of total general fund expenditures.
- Brazos County's total debt increased \$13,140,000, or 47.0% during the current fiscal year. The key factor in this net increase was the issuance of \$15,000,000 in Certificates of Obligation for infrastructure improvements and capital asset acquisition and improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

Government-wide Financial Statements – These are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business. They include a Statement of Net Assets and a Statement of Activities. Both of these statements are presented using the accrual method of accounting; therefore, revenues and expenses are taken into account

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

regardless of when cash is received or paid.

The statement of net assets presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. However, other non-financial factors, such as changes in the County's property tax base and the condition of the County's roads, should be considered to assess the overall health of the County.

The statement of activities presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, justice system, law enforcement, juvenile services, public transportation, public health and human services. The business-type activities of the County include the County Attorney, and the Jail Commissary activities.

Fund Financial Statements – Funds are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is more narrow than of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The County maintains thirty individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Debt Service, Exposition Center, Certificate of Obligation Series 2003 and Certificate of Obligation Series 2004, which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report.

Proprietary funds are maintained two ways. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for the county attorney administration of the returned check activities and the jail commissary activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its administration of the County's self-insurance programs for health services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County's only fiduciary funds are agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 48-76 of this report.

Required Supplementary Information is presented concerning the County's General Fund budgetary schedule and valuation information about the County retirement system and condition assessment information for county roads and bridges. The County adopts an annual budget for the General fund. A budgetary comparison schedule, which includes the original and final amended budget and actual figures, has been provided to demonstrate compliance with this budget. Required supplementary information can be found on pages 77-92 of this report.

Combining and individual fund schedules provide information for non-major governmental funds, capital project funds, debt service fund, internal service funds and agency funds and are presented immediately following the required supplementary information. Additionally, the County legally adopts budgets for a number of other governmental funds. Budgetary comparison schedules and combining and individual fund statements and schedules can be found on pages 77-89 and 93-140 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the second year the County has applied Governmental Accounting Standards Board (GASB) Statement No. 34.

As noted earlier, net assets may serve over time as useful indicators of a government's financial position. In the case of the County, assets exceeded liabilities by \$77,132,923, at the close of the most recent fiscal year.

Condensed Statement of Net Assets September 30, 2004 With Comparative Totals September 30, 2003

	Primary Government			
	Governmental Activities	Business-type Activities	Total	2003 Total
Current and other assets	\$ 50,578,840	\$ 160,130	\$ 50,738,970	\$38,650,922
Capital assets, net	71,066,598	-	71,066,598	69,134,084
Total assets	121,645,438	160,130	121,805,568	107,785,006
Current and other liabilities	6,268,903	13,195	6,282,098	8,028,091
Long-term liabilities	38,390,547	-	38,390,547	25,986,465
Total liabilities	44,659,450	13,195	44,672,645	34,014,556
Net assets:				
Invested in capital assets, net of related debt	30,404,623	-	30,404,623	41,439,649
Restricted net assets	3,328,283	-	3,328,283	2,989,935
Unrestricted net assets	43,253,082	146,935	43,400,017	29,340,866
Total net assets	\$ 76,985,988	\$ 146,935	\$ 77,132,923	\$73,770,450

The largest portion of the County's current fiscal year net assets (39%) reflects its investment in capital assets (e.g. land, improvements, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The main use of these capital assets is to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another significant portion of the County's current fiscal year net assets (56.2%) represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The remaining balance of the County's current fiscal year net assets (4.8%) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County reported positive net assets in both categories of net assets for its governmental and business-type activities. Total net assets of the County have increased by \$3.3 million from the prior year. The principal component of this increase is due to an increase in the ad valorem tax rate from 0.4196 per \$100 valuation to 0.4350 per \$100 valuation or 0.0154 per \$100 valuation and to a \$1.2 million increase in accounts receivable for full accrual basis. This increase is a result of continued improvement in the collection of data relative to the assessment and collection of fines, fees, and court costs.

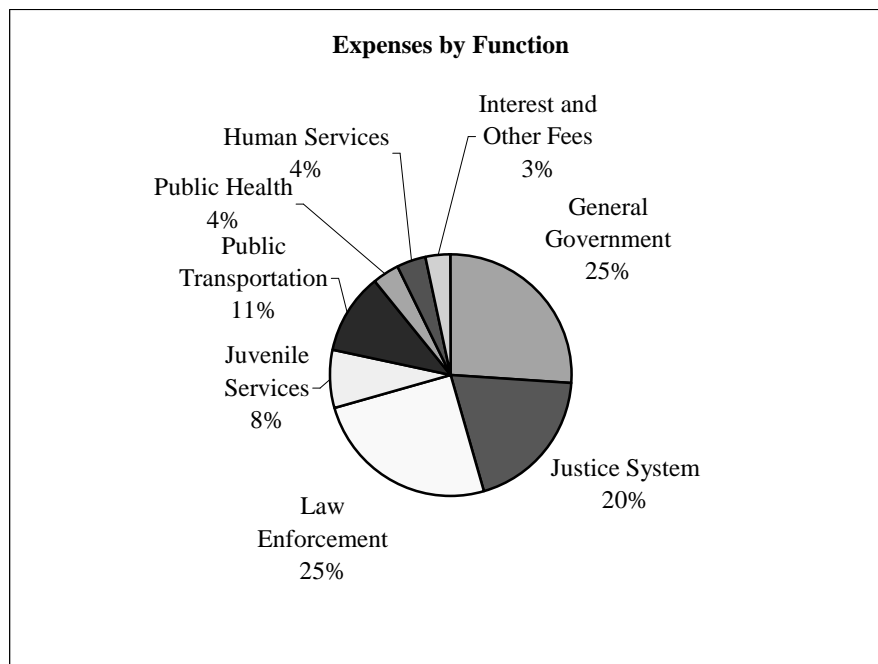
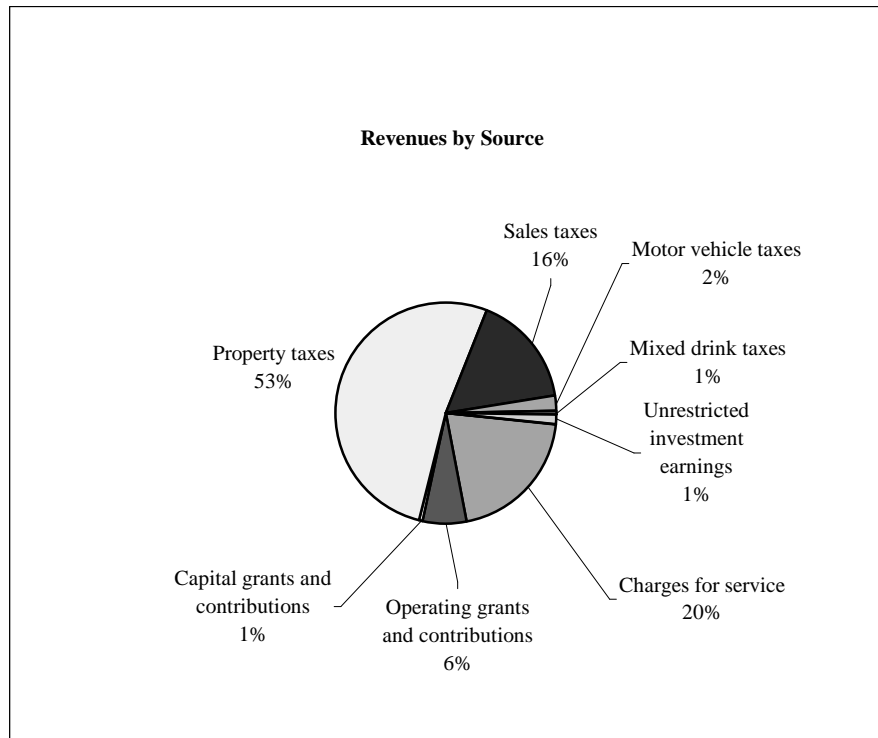
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GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table indicates changes in net assets for governmental and business-type activities:

Condensed Statement of Activities For the Year Ended September 30, 2004 With Comparative Totals September 30, 2003				
	Governmental Activities	Business-Type Activities	Total	2003 Total
Revenues:				
Program revenues:				
Charges for service	\$10,466,453	\$350,836	\$10,817,289	\$ 8,554,778
Operating grants and contributions	3,293,962	-	3,293,962	3,090,190
Capital grants and contributions	291,411	-	291,411	58,911
General revenues:				
Property taxes	26,932,638	-	26,932,638	24,127,005
Sales taxes	8,413,179	-	8,413,179	7,723,285
Motor vehicle taxes	1,136,744	-	1,136,744	1,147,480
Mixed drink taxes	348,790	-	348,790	317,091
Unrestricted investment earnings	684,525	933	685,458	594,314
Miscellaneous	-	-	-	636,775
Total revenues	51,567,702	351,769	51,919,471	46,249,829
Expenses:				
General Government	12,633,863	-	12,633,863	11,890,781
Justice System	9,392,776	96,878	9,489,654	8,777,183
Law Enforcement	11,956,232	207,164	12,163,396	11,498,513
Juvenile Services	3,739,205	-	3,739,205	3,802,706
Public Transportation	5,360,370	-	5,360,370	6,394,828
Public Health	1,726,770	-	1,726,770	1,761,796
Human Services	1,826,466	-	1,826,466	1,578,544
Interest and Other Fees	1,648,665	-	1,648,665	1,349,227
Total expenses	48,284,347	304,042	48,588,389	47,053,578
Excess (deficiency) before special items	3,283,355	47,727	3,331,082	(803,749)
Gain (loss) on disposal of assets	29,791	1,600	31,391	(4,647,004)
Change in net assets	3,313,146	49,327	3,362,473	(5,450,753)
Net assets - beginning	73,672,842	97,608	73,770,450	79,221,203
Net assets - ending	\$76,985,988	\$146,935	\$77,132,923	\$73,770,450

GOVERNMENT – WIDE FINANCIAL ANALYSIS (Continued)



FINANCIAL ANALYSIS OF FUNDS

Governmental Funds - The County's major general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

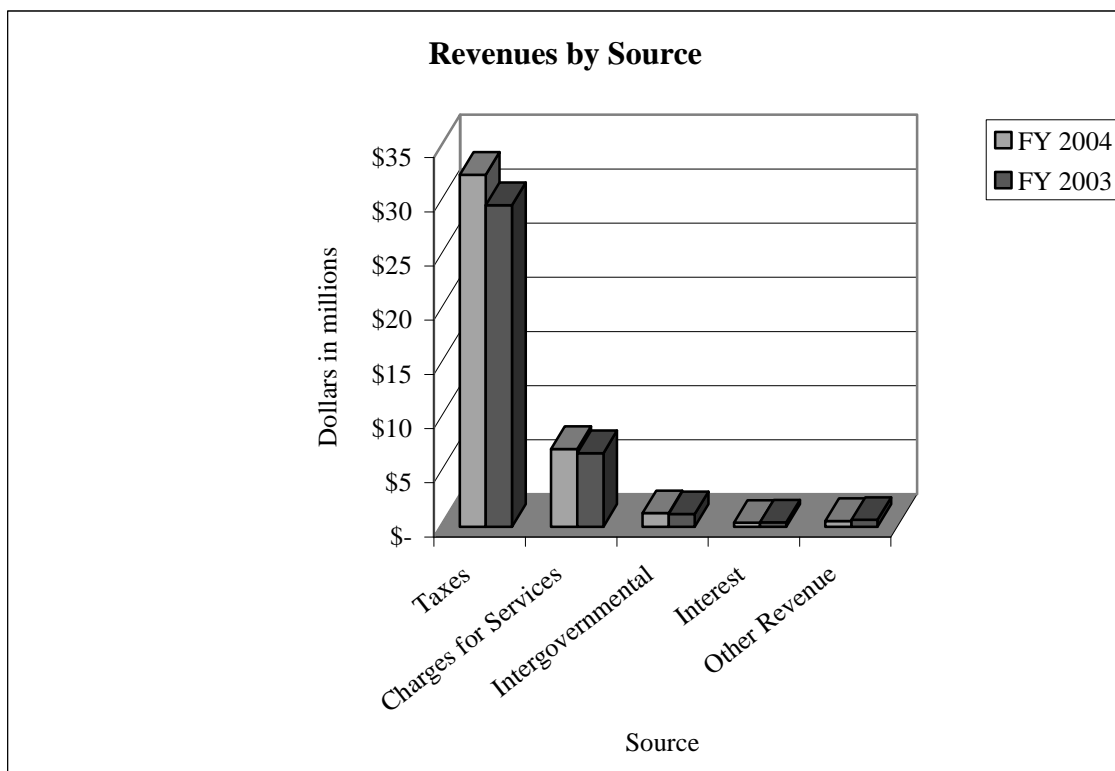
At September 30, 2004, the County's governmental funds reported combined fund balances of \$42,006,521, an increase of \$12,823,226 in comparison with the prior year. Approximately \$36,201,392 of the combined fund balance constitutes unreserved fund balance, which is available to meet the County's current and future needs including the County's capital project needs and the moneys the Court has designated as corpus of the Health Endowment Fund (See Note 1-M).

The General Fund is the chief operating fund of the County. At September 30, 2004, the General Fund reported revenues of \$41,842,631, an increase of \$3,149,088 or 8.1% over the prior year. The increase is due to a \$2.7 million or 9.4% increase in ad valorem, sales and mixed drink taxes and an increase in charges for services of \$381,254 as well as an increase in intergovernmental revenues of \$92,423. The increase was offset by decreases of \$100,185 in other revenue and decrease of \$23,147 in interest revenue. Ad valorem taxes increased as a result of increases in property valuations. The increase in charges for service is due to an increase in misdemeanor fine revenue from the justice system. The increase in intergovernmental revenues is due to increase in grant funding by the Texas Juvenile Probation Commission and the Texas Youth Commission. The decrease in other revenues is due to the decrease in donations. The decrease in interest revenue is due to decreased interest yields earned on investments.

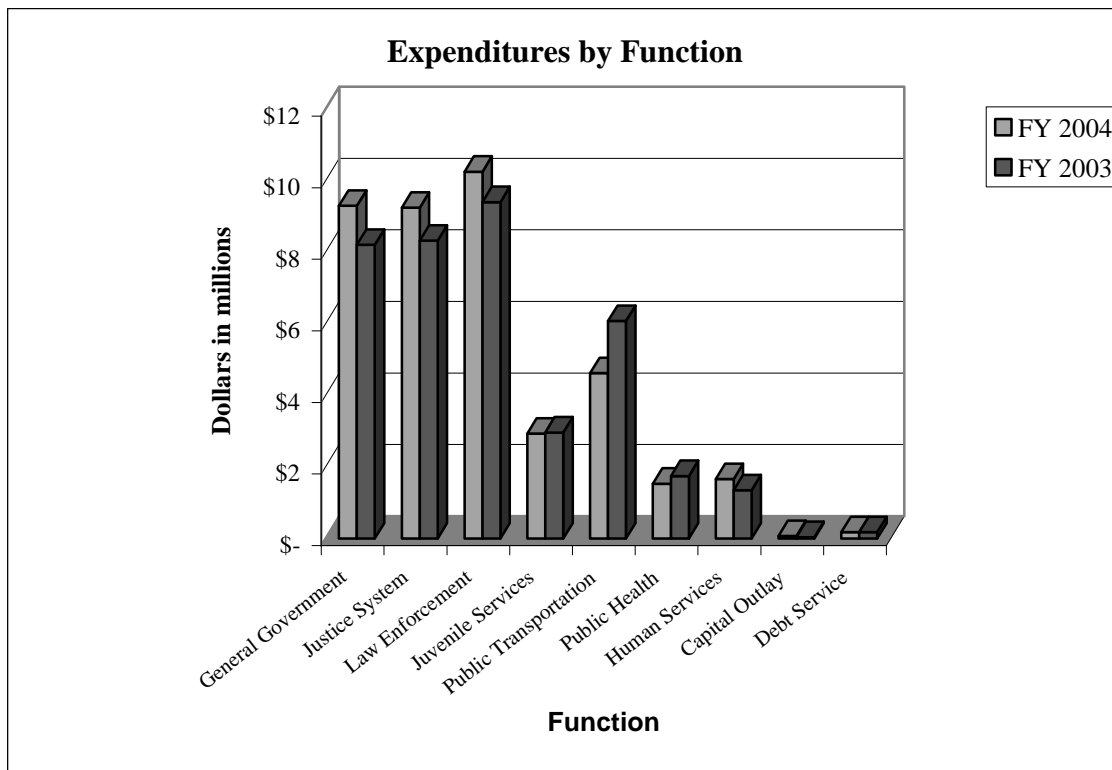
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FINANCIAL ANALYSIS OF FUNDS (Continued)

Expenditures in the General Fund increased by approximately \$1.4 million or 4.6% over the prior year. An increase of over \$1,000,000 in the general government function was primarily due to increased expenditures in the Commissioner's Court division and the Community Support division. The Commissioner's Court division increase was due to architect expenditures related to the recreation of the Brazos Center facility in the Exposition Center. Commissioner's Court asked the voters to approve the implementation of a venue tax in February 2004 that would allow for the expansion of the Exposition Center project to include an assembly hall similar to the current Brazos Center. The proposition failed and the preliminary design expenditures of \$237,400 were paid from the General Fund. Additionally, expenditures for Community Support division increased during the year over \$300,000 due to an increase in the amount of monetary support the County provides to the Brazos County Health Department. Increases in the majority of functions are the results of enhancements in the overall wages structure, and performance pay allowances.



FINANCIAL ANALYSIS OF FUNDS (Continued)



The fund balance of the County's general fund increased by \$1.5 million during the current fiscal year. Key factors in this increase were as follows:

- Revenues increased \$3.1 million while expenditures increased only \$1.5 million.
- The ad valorem tax rate was increased by \$0.0154 per \$100 valuation.
- Charges for Services increased 5.6% over fiscal year 2003.
- The annual growth rate of expenditures decreased in 2004; expenditures increased only 3.9 % over the fiscal year 2003, while expenditures increased 4.8% from 2002 to 2003.

The Debt Service Fund is used to account for receipts and disbursements of funds relating to the County's long-term bonded debt obligations. At the end of FY 2004, the fund balance increased \$10,865 or 0.67% from FY 2003. This increase is due to the realization of revenues in excess of anticipated for delinquent ad valorem taxes. Additionally, Commissioner's Court decided to transfer \$200,000 from the General Fund to provide funds for the initial interest payment required on the Certificates of Obligation issued in November 2003.

The Capital Projects Fund accounts for receipts and disbursements relating to the acquisition or construction of major capital projects. At the end of FY 2004, the total fund balances for all capital project funds increased \$11,028,485. This change reflects additional debt issuances of \$15,000,000 during FY 2004 as well as capital project expenditures during the same period.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues exceeded final amended budget by \$2.5 million primarily due to increased collections of sales tax and ad valorem taxes. The County realized \$1.8 million more in tax revenue than originally anticipated, over \$200,000 more in charges for service than anticipated, and over \$400,000 more than anticipated in intergovernmental and other revenue categories. The County continued to see a decline in interest revenue and fell short of the final amended budget by \$99,000.

Brazos County's practice is to include contingency funds in the original adopted appropriations (budget). However, these appropriated contingencies are not allocated to individual department budgets unless required during the year. Differences between the original budget expenditures and the final amended budget resulted in an increase of approximately \$870,000 in departmental appropriations. The following amounts were transferred from contingencies to departmental budgets during FY 2004:

- \$237,400 to the Commissioner's Court division to allow for the preliminary design of the assembly hall within the Exposition Center. Voters rejected a proposed venue tax to fund this project,
- \$150,000 to the Court Support Costs division for additional contract placement incurred for juveniles,
- \$111,000 to the Road and Bridge division which represents the reinvestment of funds not spent during the 2002-2003 fiscal year. The Court has decided that any funds not spent for road maintenance and improvement will roll over to the following year,
- \$97,460 to the Narcotics Task Force as additional matching funds,
- The remaining supplemental adjustments (approximately \$274,000) consist of minor increases in expenditures across all programs.

At the end of the fiscal year, actual expenditures were \$3.5 million less than the final amended budgeted amount (which includes all contingencies).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2004, amounted to \$71,066,598 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. The total increase in the County's investment in capital assets for the current period was 2.8%, which was primarily due to over \$1.8 million in additions to infrastructure and construction in progress for roads that have not been completed. Please refer to the notes to the basic financial statements for more detailed information.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Capital Assets (continued)

The County has elected to use the “Modified Approach” as defined by GASB 34 for reporting infrastructure assets, which include 450 miles of roads and 58 bridges.

The Brazos County Road and Bridge department performs condition assessments of county roads continually throughout the year and evaluates and prioritizes the results annually. The condition assessment team utilizes various criteria for evaluating the condition of the roads including the traffic volume of the road, the number of man hours used to maintain the road in the last year, the potential traffic on the road based on observed development of properties accessing the road, the number of traffic accidents and the type of accidents, and a visual inspection of the road for settlement spots, rough pavement, areas requiring patching, and the frequency of repair activities on the road. Each road is assessed on a scale of zero to 100 with 100 representing a road in perfect condition. The County has adopted a minimum condition level of 80% for all County roads. The results of the 2004 condition assessment indicate that approximately 410 miles are at 80% or better condition level. There are approximately 40 miles with a condition level between 60% and 80% which are scheduled for upgrade in the next 2 years.

For the year ended September 30, 2004, annual maintenance and preservation costs of \$4,620,767 were less than the estimated amount needed of \$5,336,680. This variance is due to the unforeseen delays in the acquisition of right of way, road preparation and weather delays. More detailed information is available on pages 91 and 92 in the Required Supplementary Information.

Major capital asset events during the current fiscal year included the following:

- The Certificates of Obligation 2002 and the Road and Bridge Infrastructure C.O.’s 2002 Capital Project Funds were established from the \$2,995,000 in Certificates of Obligation issued in December 2002. During fiscal year 2004 the funds remaining in the Certificates of Obligation 2002 fund were used to purchase the upgrade to the County’s financial system and to continue the upgrade of several county roads. The funds in the Road and Bridge Infrastructure C.O.’s 2002 were expended to expand and upgrade the IG&N road in south Brazos County. At September 30, 2004, there remained \$369,837 in the Road and Bridge Infrastructure fund for use during the 2004-2005 fiscal year. It is anticipated that the upgrade to IG&N road will be completed in the summer of 2005.
- During fiscal year 2004 the County issued \$15,000,000 in Certificates of Obligation. The first \$10,000,000 was issued in November 2003 and is detailed in the capital project fund entitled Certificates of Obligation 2003. The funds were used in fiscal year 2004 to purchase vehicles, to upgrade the County’s radio communication system, to purchase computer hardware, to hire a consultant to perform a space need analysis for the County and to provide additional funding for the upgrade of roads in the unincorporated areas of the county. At September 30, 2004 there remained over \$7.8 million that is anticipated to be used for the construction and equipping of an administration building for the Sheriff’s

Office. The building is currently in the design phase and construction is expected to begin in 2005.

- The second series of Certificates of Obligation the County issued was for \$5,000,000 and was issued in September 2004. These funds are accounted for in the capital project fund entitled Certificates of Obligation 2004 and are intended to be used to purchase land for the expansion of County offices, to construct a new Justice of the Peace building, for Road and Bridge equipment and capital road projects.
- At September 30, 2004, \$19,040,142 remained available in all capital project funds to be used for the costs of various capital projects. \$5,266,259 of this fund balance is restricted to the construction of the Brazos County Exposition Center and an additional \$79,200 has been designated to fund future enhancements to the judicial software purchased by the County in fiscal year 2002. In FY 2004, \$4,125,087 was expended on various projects (compared to \$3,050,151 in fiscal year 2003).

Long-term debt

At September 30, 2004, the County had total long-term debt outstanding of \$40,650,000 as compared to \$27,510,000 in the prior year. Refer to Note 8 in the Notes to the Basic Financial Statements for a detailed breakdown of long-term debt owed by the County. County officials, citizens and investors will find the ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita as useful indicators of the County's debt position and is shown in the statistical section of this report. At the November 2000 general election, the voters of Brazos County passed a proposition to allow the County to sell \$18.5 million in General Revenue Bonds to be used for the construction of a County Exposition Center. The County issued \$8,000,000 General Obligation Bonds in 2001 to finance the costs associated with development, construction and equipping of the Exposition Center.

ECONOMIC FACTORS

The Commissioner's Court adopted the 2004-2005 budget on August 31, 2004. The budget was adopted based on estimated balances that would be available at the end of fiscal year 2004 and estimated revenues to be received in fiscal year 2005. For 2004-2005, the property tax rate will increase to \$.4725 per \$100 valuation. The Commissioner's Court considered the following factors in establishing this tax rate:

- For the last several years the County has budgeted the use of fund balance reserves to pay for operational expenditures. For the years ended September 30, 2002 and 2003 the County experienced a decrease in fund balance of over \$2.3 million. While the County continues to experience appraisal increases and growth as well as increases in operational expenditures, the tax rate had remained relatively constant since 1997. Increasing the tax rate is expected to alleviate future reductions of fund balance.
- Tax revenue from all sources is expected to increase 15.5% over the 2004 budgeted revenue, and overall expenditures are anticipated to increase 6.68%;

- The County's Health and Life fund experienced over \$2 million in losses during the 2000, 2001 and 2002 fiscal years that have been funded by the County's General Fund. The County continues to experience high expenditures for medical claims. During the 2003-2004 budget year the County restructured the health care plans in order to reduce the costs, which has resulted in a slowing of the increase in health care expenditures, however, the reserves set aside for the Health and Life fund remain low;
- The County provided a merit allowance of 2.5% of the previous years budget to allow the departments to provide monetary incentives to employees for positive work performance;
- The Commissioner's Court desires to maintain an unrestricted fund balance of 90 to 180 days of expenditures to provide the County with readily available resources in the event of a natural disaster, or other catastrophic event.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's Office, 300 East 26th Street, Suite 314, Bryan, Texas, 77803.

BASIC FINANCIAL STATEMENTS

BRAZOS COUNTY, TEXAS
STATEMENT OF NET ASSETS
September 30, 2004

	Governmental Activities	Business-Type Activities	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 40,895,640	\$ 142,607	\$ 41,038,247
Prepaid Expenses	261,308	-	261,308
Receivables, net of allowance for uncollectible amounts			
Taxes	1,332,386	-	1,332,386
Accounts and Other	6,062,187	6,751	6,068,938
Inventories	323,142	10,772	333,914
Due from Other Funds	80,435	-	80,435
Permanently Restricted Assets:			
Cash and Cash Equivalents	1,606,787	-	1,606,787
Receivables:			
Taxes	7,740	-	7,740
Accounts and Other	9,215	-	9,215
Capital Assets (net of accumulated depreciation):			
Land	6,873,819	-	6,873,819
Buildings	13,216,184	-	13,216,184
Improvements Other than Buildings	3,317,270	-	3,317,270
Machinery and Equipment	8,690,441	-	8,690,441
Infrastructure	35,299,117	-	35,299,117
Construction in Progress	3,669,767	-	3,669,767
TOTAL ASSETS	\$ 121,645,438	\$ 160,130	\$ 121,805,568

The accompanying notes to the financial statements are an integral part of this statement.

BRAZOS COUNTY, TEXAS
STATEMENT OF NET ASSETS - Continued
September 30, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>TOTAL</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 2,645,097	\$ 7,817	\$ 2,652,914
Accrued Salaries and Wages	396,874	5,378	402,252
Due to Other Governmental Units	2,964	-	2,964
Unclaimed Funds	173,779	-	173,779
Liability for Compensated Absences	506,834	-	506,834
Accrued Interest Payable	153,355	-	153,355
Noncurrent liabilities:			
Due within one year	2,390,000	-	2,390,000
Due in more than one year	38,271,975	-	38,271,975
Deferred Tax Revenue	118,572	-	118,572
TOTAL LIABILITIES	44,659,450	13,195	44,672,645
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	30,404,623	-	30,404,623
Restricted for:			
Debt Service	1,623,742	-	1,623,742
Booneville Cemetary	6,262	-	6,262
Special Purpose Programs	1,698,279	-	1,698,279
Unrestricted	43,253,082	146,935	43,400,017
TOTAL NET ASSETS	<u>\$ 76,985,988</u>	<u>\$ 146,935</u>	<u>\$ 77,132,923</u>

BRAZOS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental Activities:							
General Government	\$ 12,633,863	\$ 2,801,415	\$ -	\$ -	\$ (9,832,448)	\$ -	\$ (9,832,448)
Justice System	9,392,776	5,609,315	562,706	-	(3,220,755)	-	(3,220,755)
Law Enforcement	11,956,232	673,692	1,027,000	37,938	(10,217,602)	-	(10,217,602)
Juvenile Services	3,739,205	18,103	1,266,617	-	(2,454,485)	-	(2,454,485)
Public Transportation	5,360,370	1,119,824	286,801	-	(3,953,745)	-	(3,953,745)
Public Health	1,726,770	31,209	59,520	-	(1,636,041)	-	(1,636,041)
Human Services	1,826,466	212,895	91,318	253,473	(1,268,780)	-	(1,268,780)
Interest and Other Fees	1,648,665	-	-	-	(1,648,665)	-	(1,648,665)
Total Governmental Activities	<u>48,284,347</u>	<u>10,466,453</u>	<u>3,293,962</u>	<u>291,411</u>	<u>(34,232,521)</u>	<u>-</u>	<u>(34,232,521)</u>
Business - Type Activities:							
County Attorney	96,878	107,360	-	-	-	10,482	10,482
Jail Commissary	<u>207,164</u>	<u>243,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,312</u>	<u>36,312</u>
Total Business - Type Activities	<u>304,042</u>	<u>350,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,794</u>	<u>46,794</u>
Total Government	<u>\$ 48,588,389</u>	<u>\$ 10,817,289</u>	<u>\$ 3,293,962</u>	<u>\$ 291,411</u>	<u>\$ (34,232,521)</u>	<u>\$ 46,794</u>	<u>\$ (34,185,727)</u>
General revenues:							
Taxes:							
Property taxes					\$ 26,932,638	\$ -	\$ 26,932,638
Sales taxes					8,413,179	-	8,413,179
Motor vehicle taxes					1,136,744	-	1,136,744
Mixed drink taxes					348,790	-	348,790
Unrestricted investment earnings					684,525	933	685,458
Gain on disposal of assets					<u>29,791</u>	<u>1,600</u>	<u>31,391</u>
Total general revenues					<u>37,545,667</u>	<u>2,533</u>	<u>37,548,200</u>
Change in net assets					3,313,146	49,327	3,362,473
Net assets-beginning					<u>73,672,842</u>	<u>97,608</u>	<u>73,770,450</u>
Net assets-ending					<u>\$ 76,985,988</u>	<u>\$ 146,935</u>	<u>\$ 77,132,923</u>

**BRAZOS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2004**

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Exposition Center	C.O. Issue 2003	C.O. Issue 2004		
ASSETS							
Cash and Cash Equivalents	\$ 18,686,557	\$ 1,606,787	\$ 5,261,479	\$ 7,951,390	\$ 4,947,093	\$ 2,913,426	\$ 41,366,732
Prepaid Expenditures	130,337	-	-	-	-	-	130,337
Receivables:							
Taxes	1,174,865	192,370	-	-	-	-	1,367,235
Officials	330,475	7,400	-	-	-	-	337,875
Interest	38,303	1,816	5,660	5,118	17,479	4,610	72,986
Accounts	81,214	-	-	-	-	641	81,855
State	1,168,300	-	-	-	-	427,449	1,595,749
Federal	4,299	-	-	-	-	-	4,299
Due From Other Funds	82,883	-	-	-	-	15,882	98,765
Inventories	323,142	-	-	-	-	-	323,142
TOTAL ASSETS	\$ 22,020,375	\$ 1,808,373	\$ 5,267,139	\$ 7,956,508	\$ 4,964,572	\$ 3,362,008	\$ 45,378,975
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 851,481	\$ -	\$ 880	\$ 88,603	\$ -	\$ 433,368	\$ 1,374,332
Accrued Salary and Compensated Leave	351,006	-	-	-	-	45,868	396,874
Unclaimed Funds	-	-	-	-	-	173,779	173,779
Due To Other Funds	1,713	-	-	-	-	19,165	20,878
Deferred Revenues	1,171,816	184,631	-	-	-	50,144	1,406,591
Total Liabilities	2,376,016	184,631	880	88,603	-	722,324	3,372,454
Fund Balances:							
Reserved							
For Debt Service	-	1,623,742	-	-	-	-	1,623,742
For Prepaid Expenditures	130,337	-	-	-	-	-	130,337
For Inventories	323,142	-	-	-	-	-	323,142
For Boonville Cemetery	6,262	-	-	-	-	-	6,262
For Title IV-E	1,119,018	-	-	-	-	-	1,119,018
For Texas Youth Commission	209	-	-	-	-	-	209
For Indigent Health Care	904,141	-	-	-	-	-	904,141
For Special Purpose Programs	-	-	-	-	-	1,698,278	1,698,278
Unreserved							
Designated for Capital Improvements	-	-	5,266,259	7,867,905	4,964,572	941,406	19,040,142
Designated for Health Endowment Fund	2,345,512	-	-	-	-	-	2,345,512
Undesignated	14,815,738	-	-	-	-	-	14,815,738
Total Fund Balances	19,644,359	1,623,742	5,266,259	7,867,905	4,964,572	2,639,684	42,006,521
TOTAL LIABILITIES AND FUND BALANCES	\$ 22,020,375	\$ 1,808,373	\$ 5,267,139	\$ 7,956,508	\$ 4,964,572	\$ 3,362,008	\$ 45,378,975

The accompanying notes to the financial statements are an integral part of this statement.

BRAZOS COUNTY, TEXAS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS
September 30, 2004

Amounts reported for governmental *activities* in the statement of net assets are different because:

Total fund balances--governmental funds	\$ 42,006,521
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	71,066,598
Certain receivables are not available and, therefore, are deferred in governmental funds.	3,530,530
Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	1,260,910
Internal service funds are used by the County's management for self insurance. The assets and liabilities of the funds are included with governmental activities in the Statement of Net Assets but are not included at the fund level.	312,621
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds:	
Bonds payable	(40,650,000)
Deferred charge for issuance cost (to be amortized as interest expense)	130,972
Issuance premium (to be amortized as interest expense)	(11,975)
Accrued interest payable	(153,355)
Compensated absences	(506,834)
	<u>(41,191,192)</u>
Total net assets--governmental activities	\$ <u>76,985,988</u>

The accompanying notes to the financial statements are an integral part of this statement.

BRAZOS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended September 30, 2004

	Major Funds					Other	Total
	General	Debt Service	Exposition Center	C.O. Issue 2003	C.O. Issue 2004	Governmental Funds	Governmental Funds
REVENUES							
Taxes	\$ 32,481,134	\$ 3,199,690	\$ -	\$ -	\$ -	\$ -	\$ 35,680,824
Charges for Services	7,175,344	-	-	-	-	560,694	7,736,038
Intergovernmental	1,267,905	-	-	-	-	2,310,449	3,578,354
Interest	381,658	67,363	75,049	100,442	5,469	44,196	674,177
Other Revenue	536,590	-	-	-	-	52,871	589,461
TOTAL REVENUES	41,842,631	3,267,053	75,049	100,442	5,469	2,968,210	48,258,854
EXPENDITURES							
Current							
General Government	9,297,462	-	-	-	-	101,198	9,398,660
Justice System	9,247,250	-	-	-	-	212,963	9,460,213
Law Enforcement	10,252,016	-	-	-	-	1,298,349	11,550,365
Juvenile Services	2,934,094	-	-	-	-	716,725	3,650,819
Public Transportation	4,620,767	-	-	-	-	257,825	4,878,592
Public Health	1,533,065	-	-	-	-	-	1,533,065
Human Services	1,663,257	-	-	-	-	168,124	1,831,381
Capital Outlay	71,950	-	386,045	2,232,537	40,897	1,607,113	4,338,542
Debt Service							
Principal Retirement	171,142	1,860,000	-	-	-	-	2,031,142
Interest and Fiscal Agent Fees	6,501	1,596,188	-	-	-	-	1,602,689
TOTAL EXPENDITURES	39,797,504	3,456,188	386,045	2,232,537	40,897	4,362,297	50,275,468
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,045,127	(189,135)	(310,996)	(2,132,095)	(35,428)	(1,394,087)	(2,016,614)
OTHER FINANCING SOURCES (USES)							
Transfers In	44,652	200,000	-	-	-	285,186	529,838
Transfers Out	(633,314)	-	-	-	-	(96,524)	(729,838)
Proceeds From Sale of Fixed Assets	39,840	-	-	-	-	-	39,840
Proceeds From Debt Obligations	-	-	-	10,000,000	5,000,000	-	15,000,000
TOTAL OTHER FINANCING SOURCES (USES)	(548,822)	200,000	-	10,000,000	5,000,000	188,662	14,839,840
Net Change in Fund Balances	1,496,305	10,865	(310,996)	7,867,905	4,964,572	(1,205,425)	12,823,226
FUND BALANCES, OCTOBER 1	18,148,054	1,612,877	5,577,255	-	-	3,845,109	29,183,295
FUND BALANCES, SEPTEMBER 30	\$ 19,644,359	\$ 1,623,742	\$ 5,266,259	\$ 7,867,905	\$ 4,964,572	\$ 2,639,684	\$ 42,006,521

The accompanying notes to the financial statements are an integral part of this statement.

BRAZOS COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances--total governmental funds	\$ 12,823,226
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount that expenditures for capital outlay exceeded depreciation expense.	1,934,126
Revenues and contributed assets in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,448,431
Certain long-term liabilities are accrued at the government-wide level but not at the fund level. This is the current year change in those liabilities, reported as expense in the statement of activities.	(40,023)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	(12,910,366)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>57,752</u>
Change in net assets of governmental activities	<u>\$ 3,313,146</u>

The accompanying notes to the financial statements are an integral part of this statement.

BRAZOS COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2004

	Business - Type Activities - Enterprise Funds			Governmental Activities
	County Attorney	Jail Commissary	Totals	Internal Service Fund
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 30,723	\$ 111,884	\$ 142,607	\$ 1,135,696
Accounts Receivable	6,637	114	6,751	20,661
Inventories	-	10,772	10,772	-
Due From Other Funds	-	-	-	370
Total Current Assets	<u>37,360</u>	<u>122,770</u>	<u>160,130</u>	<u>1,156,727</u>
Noncurrent Assets				
Property, Plant and Equipment	54,611	-	54,611	-
Less: Accumulated Depreciation	<u>(54,611)</u>	<u>-</u>	<u>(54,611)</u>	<u>-</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>37,360</u>	<u>122,770</u>	<u>160,130</u>	<u>1,156,727</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	4,273	3,544	7,817	702,811
Accrued Salary and Compensated Leave	1,473	3,905	5,378	-
Deferred Revenues	-	-	-	141,295
TOTAL LIABILITIES	<u>5,746</u>	<u>7,449</u>	<u>13,195</u>	<u>844,106</u>
NET ASSETS				
Unrestricted	<u>31,614</u>	<u>115,321</u>	<u>146,935</u>	<u>312,621</u>
TOTAL NET ASSETS	<u>\$ 31,614</u>	<u>\$ 115,321</u>	<u>\$ 146,935</u>	<u>\$ 312,621</u>

The accompanying notes to the financial statements are an integral part of this statement.

BRAZOS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended September 30, 2004

	Business - Type Activities - Enterprise Funds			Governmental Activities
	County Attorney	Jail Commissary	Totals	Internal Service Fund
OPERATING REVENUES				
Charges for Service	\$ 107,360	\$ -	\$ 107,360	\$ -
Commissary Sales	-	242,785	242,785	-
Employee Dependents	-	-	-	842,030
Self Pays	-	-	-	247,564
Excess Risk Benefits	-	-	-	777,984
Participant Payments	-	-	-	221,489
Brazos County	-	-	-	3,774,487
Retirees	-	-	-	59,112
Other Revenue	-	691	691	-
TOTAL OPERATING REVENUES	107,360	243,476	350,836	5,922,666
OPERATING EXPENSES				
Personnel Services	92,126	65,719	157,845	-
Departmental Support	2,385	9,074	11,459	-
Minor Acquisitions	755	-	755	-
Cost of Goods Sold	-	132,371	132,371	-
Life Insurance	-	-	-	36,268
Stop Loss Premiums	-	-	-	740,825
Benefit Claims	-	-	-	5,039,073
Administrative Fees	-	-	-	259,096
Professional Services	-	-	-	-
Depreciation	1,612	-	1,612	-
TOTAL OPERATING EXPENSES	96,878	207,164	304,042	6,075,262
OPERATING INCOME (LOSS)	10,482	36,312	46,794	(152,596)
NONOPERATING REVENUES				
Proceeds from Sale of Fixed Assets	1,600	-	1,600	-
Interest	-	933	933	10,348
TOTAL NONOPERATING REVENUES	1,600	933	2,533	10,348
INCOME (LOSS) BEFORE OPERATING TRANSFERS	12,082	37,245	49,327	(142,248)
Transfer From General Fund	-	-	-	200,000
CHANGE IN NET ASSETS	12,082	37,245	49,327	57,752
TOTAL NET ASSETS - OCTOBER 1	19,532	78,076	97,608	254,869
TOTAL NET ASSETS - SEPTEMBER 30	\$ 31,614	\$ 115,321	\$ 146,935	\$ 312,621

The accompanying notes to the financial statements are an integral part of this statement.

BRAZOS COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended September 30, 2004

	Business - Type Activities - Enterprise Funds			Governmental Activities
	County Attorney	Jail Commissary	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 100,723	\$ 243,476	\$ 344,199	\$ 1,361,559
Receipts from interfund services provided	5,654	786	6,440	3,984,352
Receipts from reinsurance	-	-	-	1,331,608
Payments to contractors and vendors	(2,940)	(156,641)	(159,581)	(1,015,820)
Claims paid		-	-	(5,228,611)
Payments to employees for services	(90,324)	(66,876)	(157,200)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>13,113</u>	<u>20,745</u>	<u>33,858</u>	<u>433,088</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer From General Fund	-	-	-	200,000
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale of Fixed Assets	1,600	-	1,600	-
Investment Income	-	904	904	8,978
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,600</u>	<u>904</u>	<u>2,504</u>	<u>8,978</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,713	21,649	36,362	642,066
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>16,010</u>	<u>90,235</u>	<u>106,245</u>	<u>493,630</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 30,723</u>	<u>\$ 111,884</u>	<u>\$ 142,607</u>	<u>\$ 1,135,696</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 10,482	\$ 36,312	\$ 46,794	\$ (152,596)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,612	-	1,612	-
Decrease (Increase) in accounts receivable	(6,637)	786	(5,851)	535,249
Decrease (Increase) in inventory	-	(5,233)	(5,233)	-
Decrease (Increase) in due from other funds	5,654	-	5,654	200,000
Decrease (Increase) in accounts payable	4,273	(9,963)	(5,690)	(163,539)
Decrease (Increase) in accrued salary and compensated leave	(2,271)	(1,157)	(3,428)	-
Increase in deferred revenues	-	-	-	13,974
Total adjustments	<u>2,631</u>	<u>(15,567)</u>	<u>(12,936)</u>	<u>585,684</u>
Net cash provided by operating activities	<u>\$ 13,113</u>	<u>\$ 20,745</u>	<u>\$ 33,858</u>	<u>\$ 433,088</u>

The accompanying notes to the financial statements are an integral part of this statement.

BRAZOS COUNTY, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2004

ASSETS

Cash and Cash Equivalents	\$ 9,076,040
Investments	1,374,609
Prepaid Assets	67,488
Accounts Receivable	1,180
Due From Other Funds	560

TOTAL ASSETS

10,519,877

LIABILITIES

Accounts Payable	2,912,168
Due to Other Funds	78,521
Funds Held in Trust	7,529,188

TOTAL LIABILITIES

\$ 10,519,877

The accompanying notes to the financial statements are an integral part of this statement.

BRAZOS COUNTY, TEXAS
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Year Ended September 30, 2004

	Balance October 1, 2003	Additions	Deductions	Balance September 30, 2004
NARCOTICS SEIZURE				
Assets				
Cash and Cash Equivalents	\$ 124,260	\$ 145,887	\$ 174,516	\$ 95,631
Accounts Receivable	117	94	116	95
Total Assets	<u>124,377</u>	<u>145,981</u>	<u>174,632</u>	<u>95,726</u>
Liabilities				
Funds Held In Trust	124,377	50,025	78,676	95,726
Total Liabilities	<u>124,377</u>	<u>50,025</u>	<u>78,676</u>	<u>95,726</u>
PAYROLL				
Assets				
Cash and Cash Equivalents	347,681	20,821,177	20,475,003	693,855
Due From Other Funds	-	96	-	96
Accounts Receivable	588	-	7	581
Prepaid Insurance	71,094	67,488	71,094	67,488
Total Assets	<u>419,363</u>	<u>20,888,761</u>	<u>20,546,104</u>	<u>762,020</u>
Liabilities				
Accounts Payable	322,995	20,588,373	20,238,955	672,413
Funds Held In Trust	96,368	300,388	307,149	89,607
Total Liabilities	<u>419,363</u>	<u>20,888,761</u>	<u>20,546,104</u>	<u>762,020</u>
CAFETERIA PLAN				
Assets				
Cash and Cash Equivalents	-	60,494	50,494	10,000
Total Assets	<u>-</u>	<u>60,494</u>	<u>50,494</u>	<u>10,000</u>
Liabilities				
Funds Held In Trust	-	60,494	50,494	10,000
Total Liabilities	<u>-</u>	<u>60,494</u>	<u>50,494</u>	<u>10,000</u>
BRAZOS CENTER				
Assets				
Cash and Cash Equivalents	73,889	254,990	274,982	53,897
Accounts Receivable	-	200	125	75
Total Assets	<u>73,889</u>	<u>255,190</u>	<u>275,107</u>	<u>53,972</u>
Liabilities				
Due To Other Funds	22,319	208,254	212,061	18,512
Funds Held In Trust	51,570	29,400	45,510	35,460
Total Liabilities	<u>\$ 73,889</u>	<u>\$ 237,654</u>	<u>\$ 257,571</u>	<u>\$ 53,972</u>

The accompanying notes to the financial statements are an integral part of this statement.

BRAZOS COUNTY, TEXAS
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Year Ended September 30, 2004

	Balance October 1, 2003	Additions	Deductions	Balance September 30, 2004
BAIL BONDS				
Assets				
Cash and Cash Equivalents	\$ 600,714	\$ 689,904	\$ 636,400	\$ 654,218
Total Assets	<u>600,714</u>	<u>689,904</u>	<u>636,400</u>	<u>654,218</u>
Liabilities				
Due To Other Funds	38,668	-	-	38,668
Funds Held In Trust	562,046	207,562	154,058	615,550
Total Liabilities	<u>600,714</u>	<u>207,562</u>	<u>154,058</u>	<u>654,218</u>
DISTRICT CLERK TRUST				
Assets				
Cash and Cash Equivalents	3,124,144	2,009,722	1,917,626	3,216,240
Accounts Receivable	-	429	-	429
Total Assets	<u>3,124,144</u>	<u>2,010,151</u>	<u>1,917,626</u>	<u>3,216,669</u>
Liabilities				
Accounts Payable	-	3,629	3,200	429
Funds Held In Trust	3,124,144	209,834	117,738	3,216,240
Total Liabilities	<u>3,124,144</u>	<u>213,463</u>	<u>120,938</u>	<u>3,216,669</u>
COUNTY CLERK TRUST				
Assets				
Cash and Cash Equivalents	1,509,227	3,672,344	3,257,497	1,924,074
Total Assets	<u>1,509,227</u>	<u>3,672,344</u>	<u>3,257,497</u>	<u>1,924,074</u>
Liabilities				
Funds Held In Trust	1,509,227	2,182,338	1,767,491	1,924,074
Total Liabilities	<u>1,509,227</u>	<u>2,182,338</u>	<u>1,767,491</u>	<u>1,924,074</u>
JUVENILE SERVICES				
Assets				
Cash and Cash Equivalents	29,347	18,520	26,663	21,204
Accounts Receivable	-	640	640	-
Total Assets	<u>29,347</u>	<u>19,160</u>	<u>27,303</u>	<u>21,204</u>
Liabilities				
Funds Held In Trust	29,347	18,400	26,543	21,204
Total Liabilities	<u>\$ 29,347</u>	<u>\$ 18,400</u>	<u>\$ 26,543</u>	<u>\$ 21,204</u>

BRAZOS COUNTY, TEXAS
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Year Ended September 30, 2004

	Balance October 1, 2003	Additions	Deductions	Balance September 30, 2004
TAX ASSESSOR-COLLECTOR				
Assets				
Cash and Cash Equivalents	\$ 1,848,859	\$ 190,469,245	\$ 190,063,274	\$ 2,254,830
Total Assets	<u>1,848,859</u>	<u>190,469,245</u>	<u>190,063,274</u>	<u>2,254,830</u>
Liabilities				
Accounts Payable	1,848,859	15,258,030	14,867,924	2,238,965
Due To Other Funds	-	15,865	-	15,865
Total Liabilities	<u>1,848,859</u>	<u>15,273,895</u>	<u>14,867,924</u>	<u>2,254,830</u>
COUNTY ATTORNEY				
Assets				
Cash and Cash Equivalents	40,481	676,324	685,515	31,290
Total Assets	<u>40,481</u>	<u>676,324</u>	<u>685,515</u>	<u>31,290</u>
Liabilities				
Accounts Payable	6,973	11,255	17,867	361
Due To Other Funds	5,587	-	550	5,037
Funds Held In Trust	27,921	78,305	80,334	25,892
Total Liabilities	<u>40,481</u>	<u>89,560</u>	<u>98,751</u>	<u>31,290</u>
INMATE TRUST				
Assets				
Cash and Cash Equivalents	20,782	475,589	481,947	14,424
Due From Other Funds	464	-	-	464
Total Assets	<u>21,246</u>	<u>475,589</u>	<u>481,947</u>	<u>14,888</u>
Liabilities				
Due To Other Funds	715	-	276	439
Funds Held In Trust	20,531	22,446	28,528	14,449
Total Liabilities	<u>21,246</u>	<u>22,446</u>	<u>28,804</u>	<u>14,888</u>
DISTRICT ATTORNEY				
Assets				
Cash and Cash Equivalents	106,581	321,396	321,600	106,377
Total Assets	<u>106,581</u>	<u>321,396</u>	<u>321,600</u>	<u>106,377</u>
Liabilities				
Accounts Payable	-	161,132	161,132	-
Funds Held In Trust	106,581	171,861	172,065	106,377
Total Liabilities	<u>\$ 106,581</u>	<u>\$ 332,993</u>	<u>\$ 333,197</u>	<u>\$ 106,377</u>

The accompanying notes to the financial statements are an integral part of this statement.

BRAZOS COUNTY, TEXAS
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For The Year Ended September 30, 2004

	Balance October 1, 2003	Additions	Deductions	Balance September 30, 2004
BAIL BOND BOARD TRUST				
Assets				
Investment	\$ 1,257,828	\$ 312,481	\$ 195,700	\$ 1,374,609
Total Assets	<u>1,257,828</u>	<u>312,481</u>	<u>195,700</u>	<u>1,374,609</u>
Liabilities				
Funds Held In Trust	1,257,828	540,043	423,262	1,374,609
Total Liabilities	<u>\$ 1,257,828</u>	<u>\$ 540,043</u>	<u>\$ 423,262</u>	<u>\$ 1,374,609</u>
COMBINED AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	\$ 7,825,965	\$ 219,615,592	\$ 218,365,517	\$ 9,076,040
Investments	1,257,828	312,481	195,700	1,374,609
Prepaid Assets	71,094	67,488	71,094	67,488
Accounts Receivable	705	1,363	888	1,180
Due From Other Funds	464	96	-	560
Total Assets	<u>9,156,056</u>	<u>219,997,020</u>	<u>218,633,199</u>	<u>10,519,877</u>
Liabilities				
Accounts Payable	2,178,827	36,022,419	35,289,078	2,912,168
Due To Other Funds	67,289	224,119	212,887	78,521
Funds Held In Trust	6,909,940	3,871,096	3,251,848	7,529,188
Total Liabilities	<u>\$ 9,156,056</u>	<u>\$ 40,117,634</u>	<u>\$ 38,753,813</u>	<u>\$ 10,519,877</u>

BRAZOS COUNTY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Brazos County, Texas ("County") have been developed to be in conformity with accounting principles generally accepted in the United States of America ("GAAP") for local government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Reporting Entity

The Brazos County Government (the "County") was created in 1841. The County is a public corporation and a political subdivision of the State of Texas. It performs governmental functions as required or authorized by the Texas Constitution and the Laws of the State. A Commissioners' Court composed of an elected County Judge and four elected Commissioners governs the County. The combined financial statements include all departments, funds or accounts for the County, the primary government.

The concept underlying the definition of the reporting entity is that elected officials are accountable to their constituents for their actions. The financial statements should allow users to distinguish between the primary government (the County) and its component units. Government Accounting Standards Board Statement 14 defines the reporting entity as the primary government and its component units. Brazos County is the primary governmental unit. The financial statements include all funds, agencies, boards, commissions, and authorities for which the elected officials of the County are financially accountable. The financial statements include those entities for which the nature and significance of the relationship between the entity and the County are such that to exclude the entity from the financial reporting entity would render the financial statements misleading or incomplete.

The relationship of the following corporations and the County meet the criteria of related organizations.

Brazos County Housing Finance Corporation

The Brazos County Housing Finance Corporation ("BCHFC") is a Texas public, non-profit corporation created in accordance with the Texas Housing Finance Corporation Act. This Act authorizes the BCHFC to finance residential housing by issuing tax-exempt revenue bonds to acquire mortgage loans made to low or moderate income persons, and to pledge such mortgage loans as security for the payment of the principal and interest of such revenue bonds. The tax-exempt bonds issued by the BCHFC do not constitute a debt or a pledge of faith or credit of the BCHFC or Brazos County, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. Interest received on the bonds is generally exempt from federal income tax under Section 103 of the Internal Revenue Code. The BCHFC is governed by a three member Board of Directors which is comprised of three members of the Brazos County Commissioners' Court.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

A. Reporting Entity (Continued)

Brazos County Health Facilities Development Corporation

The Brazos County Health Facilities Development Corporation (“BCHFDC”) is a Texas public, non-profit corporation created in accordance with the Texas Health Facilities Development Act of 1981. The BCHFDC purpose is to acquire, construct, provide, improve, finance and refinance health facilities to assist in the maintenance of the public health. The tax-exempt bonds issued by the BCHFDC do not constitute a debt or a pledge of faith or credit of the BCHFDC or the County, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. Interest received on the bonds is generally exempt from federal income tax under Section 103 of the Internal Revenue Code. The BCHFDC is governed by a five member Board of Directors which is comprised of the members of the Brazos County Commissioners’ Court.

Brazos County Industrial Development Corporation

The Brazos County Industrial Development Corporation (“BCIDC”) is a Texas public, non-profit corporation created in accordance with the Texas Development Corporation Act of 1979. The BCIDC purpose is to issue bonds on behalf of the Corporation, to promote and develop industrial and manufacturing enterprises, to promote and encourage employment and the public welfare, and to finance projects as defined by the Act. The tax-exempt bonds issued by the BCIDC do not constitute a debt or a pledge of faith or credit of the BCIDC or the County, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. Interest received on the bonds is generally exempt from federal income tax under Section 103 of the Internal Revenue Code. The BCIDC is governed by a three member Board of Directors which is comprised of three members of the Brazos County Commissioners’ Court.

B. Government-wide Financial Statements

Government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities are supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The effect of inter-fund activity has been eliminated for the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Level Financial Statements

All governmental funds and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property tax revenues, the County's primary revenue source, is susceptible to accrual and is considered available to the extent of delinquent taxes collected within sixty (60) days of the fiscal year end. Grant and entitlement revenues are also susceptible to accrual. Encumbrances are used during the year and any un-liquidated items are reported at year-end as a reservation of fund balance.

The fund level financial statements are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

For proprietary funds, all revenues and expenses are classified as operating revenues and expenses except for taxes, investment income and interest expense, which are classified as non-operating revenues and expenses.

All proprietary funds, including the enterprise fund and internal service funds, are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using a cost of service or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included in the funds' balance sheets.

The agency funds are used to account for assets held solely in a custodial capacity and are accounted for using the accrual basis of accounting. As a result, assets in agency funds are always matched by liabilities to the owners of the assets.

The County's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures or expenses. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The County reports the following funds:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Level Financial Statements (Continued)

Governmental Funds

General Fund - The General Fund is the principal operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The fund accumulates reserves for future capital improvements and unforeseen catastrophic events.

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts and capital projects), which are legally restricted to expenditures for a specified purpose.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

Capital Project Funds - Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital assets and infrastructure. Principal sources of funds for expenditure are general obligation bonds, proceeds from certificates of obligation, and interest income.

Proprietary Funds

Internal Service Fund - The Internal Service Fund is used to account for the provision of health, dental and life insurance to the departments of the County as well as to outside entities that have contracted with the County for this service. The fund operates on a cost reimbursement basis.

Enterprise Funds - The Enterprise Funds are used to account for the operations of the County Attorney and Jail Commissary that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Agency Funds – The Agency Funds are used to account for assets held by the County as agent for individuals, private organizations, and other governmental funds.

D. Proprietary Fund Accounting

The County has implemented Statement No. 20 of the Governmental Accounting Standards Board (GASB), “Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting.” Pursuant to this statement, the County has elected to follow alternative 1 as set out in GASB 20 for proprietary fund accounting. The County follows: (1) All GASB pronouncements and (2) Financial Accounting Standards Board Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 except those that conflict with GASB pronouncements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash, Cash Equivalents and Investments

The County defines all cash, money market accounts, and certificates of deposit that have an original maturity date of ninety days or less as cash or cash equivalents. Cash and cash equivalents related to restricted assets are also included. Cash and cash equivalents are short term, highly liquid investments, which may be converted to cash (see Note 3). The County maintains a cash and investment pool that is available for use by all funds. Equity in cash and cash equivalents and interest income from the cash pool is allocated to the participating funds on a monthly basis. The amount of the allocation is determined by calculating a ratio of each fund's equity in the pool to the total pool.

All County funds must be on deposit with the County depository unless the Commissioners' Court directs the County Treasurer to invest funds as otherwise provided by law. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements. Investments are stated at fair value or amortized cost (see Note 3).

F. Short Term – Interfund Receivables and Payables

There are essentially four forms of interfund transactions:

1. Loans – Transfers of monies between funds that are accounted for as balance sheet transactions and reflect a due from/due to.
2. Reimbursements - Transfers which comprise reimbursement of expenditures initially made by one fund, but properly attributable to another fund. Interfund transfers represent reimbursement for an expenditure if the reimbursement is for a specific or directly allocable cost applicable to the reimbursing fund.
3. Quasi-external - Transactions that would be accounted for as revenues or expenditures if they involved an entity external to the government. The receiving fund records the monies as another financing source (revenue) and the disbursing fund records the monies as another financing use (expenditure).
4. Transfers – There are two types of transfers. Residual equity transfers are nonrecurring transfers between funds, which represent a transfer (contribution) of equity between the represented funds. These transactions are recorded directly to fund balance. Operating transfers reflect all transfers that do not fall into one of the previous categories. They are generally ongoing operating subsidies between funds, such as matching funds required by a grant agreement.

G. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of a given year. Taxes levied on October 1 are payable by January 31 of the following year, and by statute become delinquent on February 1 at which time they begin accruing penalty and interest. The enforceable legal claim date for property taxes is the assessment date and therefore the County did not record a receivable for taxes assessed after September 30, 2004. Accordingly, there are no current taxes receivable reported. On July 1, unpaid taxes are subject to additional penalties and collection expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property Taxes (Continued)

Taxes have been reported in the government-wide financial statements net of the allowance for uncollectible taxes. At the governmental fund level, taxes are recognized as revenue when they become available and the amount not yet available (not collectible within sixty days) has been reported as deferred revenue. For the year ended September 30, 2004, the tax rate to finance general governmental services was \$0.3839 per \$100.00 valuation. The tax rate for the payment of principal and interest on long-term debt was \$0.0511 per \$100.00 valuation. Under provisions adopted by the State, the maximum rate that can be set to service governmental services is \$0.80 per \$100 of assessed value.

The Brazos County Appraisal District is responsible for the recording and appraisal of property for all taxing units in the County. The Appraisal District is required to assess property at 100% of its appraised value. Real property is subject to reappraisal on a four-year cycle.

The County's Tax Assessor-Collector acts as agent in the billing and collecting of taxes for the Brazos County Water Control Improvement District - Big Creek, the City of Bryan, the City of College Station, the Bryan Independent School District, the College Station Independent School District, Brazos County Education District, and Brazos County Rural Fire Prevention Districts 1, 2, 3, and 4. These transactions are recorded in an agency account.

H. Inventories and Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2004, are recorded as prepaid items, and amortized as expenditures as consumed.

The County maintains inventory at various levels. All inventory is valued at cost and is accounted for under the consumption method. Inventories of paper, copier supplies and road maintenance materials are maintained for all departments within the General Fund. An inventory of consumable food and personal items is maintained within the Jail Commissary Enterprise Fund.

I. Capital Assets

Capital assets include land, land improvements, right-of-way land, infrastructure, buildings, building improvements, site improvements, leasehold improvements, vehicles, machinery, furniture, equipment, other systems, works of art and intangible assets that are used in operations and benefit more than a single fiscal period. Infrastructure assets are long-lived assets that normally are stationary in nature and typically can be preserved for a significantly greater number of years than most capital assets, such as roads, bridges, and sewer systems. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Building improvements with an estimated cost to exceed \$25,000 are capitalized while infrastructure assets with an estimated cost to exceed \$50,000 are capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no records exist. Donated capital assets are valued at their estimated fair market value on the date received.

Improvements to capital assets that materially extend the life of the asset or add to the value are capitalized. Other repairs and normal maintenance are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized in the governmental activities on the government-wide financial statements.

Capital assets except for infrastructure, are depreciated over the useful lives of the assets or classes of assets on a straight-line basis as follows:

Buildings and improvements	20 - 40 years
Machinery and equipment	3 - 10 years

The County uses the modified approach to report its infrastructure assets in the government-wide statement of net assets. Infrastructure assets are listed at historical costs but they are not depreciated. Rather, under the modified approach allowed by GASB Statement No. 34, the County reports annual expenses for maintaining roads and bridges and the estimated costs for preserving them at 80% condition level out of a 100% scale.

J. Compensated Absences

All full-time employees are granted vacation and sick leave benefits based on length of service. Non-exempt employees may earn compensatory time off for overtime worked. Employees are entitled to receive accumulated vacation pay in a lump sum payment if their employment is terminated. The related accrued vacation payable and accumulated compensatory time has been accrued as an expense and a liability at year-end in the government-wide statements as a liability for compensated absences. Accumulated sick leave benefits are not recorded, being lost upon termination of employment.

Non-exempt, non-law enforcement employees earn compensatory time at one and one-half times the excess of 40 hours per week worked. These employees can accrue a maximum of 240 hours. Non-exempt, law enforcement employees earn compensatory time at one and one-half times the excess of 171 hours in a 28-day work cycle. Non-exempt, law enforcement employees can accrue a maximum of 480 hours. At termination, all compensatory time is paid at the wage rate in place at termination. The maximum amount of vacation time an employee can accrue is 240 hours. At termination, an employee is paid for all vacation time earned up to the date of separation at the current wage rate.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Revenues and Expenses

Program revenues for governmental activities include those generated from general government, justice system, law enforcement, juvenile services, public transportation, public health and human services.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as prepaid expenses and amortized over the term of the related debt. Interest expenditures are reported in activities of the general government.

M. Fund Balance Designated for Health Endowment Fund

The County elected to create the Brazos County Community Healthcare Endowment Fund with the funds received from the statewide “Tobacco Settlement.” Commissioners’ Court designated the corpus of the funds received (\$2,000,000) to be invested and the interest earned to be used to provide funding for various County health programs. Commissioners’ Court has appropriated \$120,000 for anticipated program needs during the 2004-2005 fiscal year and has designated \$225,512 available for future programs.

N. Reclassifications

As part of the adoption of GASB Statement 34, the District Attorney Crime Fund was previously reported as special revenue to include litigation of seizures incurred in law enforcement activities. A separate special revenue fund (District Attorney Hot Check Collection Fund) was established during the current year to account for fees collected by the District Attorney for the administration, processing and prosecution of returned checks. The revenue and expenditure accounts as well as any fund balances have been categorized as agency funds within the District Attorney Hot Check Collection Fund.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Policy and Procedures

Annual budgets are legally adopted for general, special revenue, debt service, and capital project funds. Budgets are adopted on a basis consistent with GAAP (modified accrual basis). The County employs an encumbrance accounting system as a method of accomplishing budgetary control. At year-end, open encumbrances are closed. The department is required to re-appropriate the funds within the following year’s budget.

The County Judge is recognized by State statutes as the budget officer for the County and responsible for the preparation of the proposed budget. The proposed expenditures may not exceed the revenue estimates prepared by the County Auditor. The County in the preparation

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Policy and Procedures (Continued)

of the budget adheres to the following procedures:

- Departmental annual budget requests are submitted by the department head to the budget officer during the third quarter of the current fiscal year, for the fiscal year beginning October 1.
- The County Auditor prepares an estimate of available resources for the coming fiscal year and presents the estimates to the budget officer by July 15 each year.
- Informal departmental hearings are held with the budget officer.
- The budget officer prepares the proposed annual operating budget to be presented to the Commissioners' Court for consideration. The budget represents the financial plan for the new fiscal year.
- Formal public hearings are held on the proposed budget.
- The adopted budget must be balanced; i.e., available resources must be sufficient to support annual appropriations. The adopted budget must be approved by a majority of the Commissioners' Court on or before November 1 each year.
- The budget is adopted using classifications within each department. The operating department is the legal level of budgetary control.
- The budget may not be increased through the use of supplemental appropriations each year, unless the County Auditor certifies to the Commissioners' Court that supplemental receipts have been realized, and are available to support disbursements, which were not included in the budget for the fiscal year.
- Transfer of appropriations between departments requires the expressed permission of Commissioners' Court, and all appropriations lapse at year-end.

Appropriations for total budget cannot exceed total resources that will be available for the year as forecast by the County Auditor. This is the legal level of control for the County budget. Expenditures may not exceed budgeted appropriations at the fund level except for General Fund, which is appropriated at the classification level. Administrative control is maintained through the establishment of more detailed line-item budgets. Amendments increasing budget appropriations are restricted to those for "emergency expenditures, in case of grave public necessity, to meet unusual and unforeseen conditions that could not, by reasonably diligent thought and attention, have been included in the original budget." The Commissioners' Court must approve the original budget appropriations and subsequent amendments and adjustments. The County Auditor is required to monitor the expenditures of all the funds in comparison to that which has been appropriated. The following schedule of

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Policy and Procedures (Continued)

changes in the original budget appropriations includes those funds for which the Commissioners' Court has legally adopted a budget, as well as funds with managerial budgets.

	Original Budgeted Expenditures and Other Financing Uses	Supplemental Appropriations	Original As Amended
General Fund	\$ 43,067,550	\$ 970,675	\$ 44,038,225
Special Revenue	2,936,853	652,860	3,589,713
Debt Service	19,438,641	(9,982,000)	9,456,641
Capital Projects	29,370,350	65,052	29,435,402
Totals	<u>\$ 94,813,394</u>	<u>\$ (8,293,413)</u>	<u>\$ 86,519,981</u>

B. Excess of Expenditures Over Appropriations

During the year ended September 30, 2004, the County had no excess of expenditures over appropriations.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Cash and Cash Equivalents

Deposits with financial institutions are classified into three categories of credit risk based upon the following:

<u>Category</u>	<u>Description</u>
1	Deposits insured by the FDIC or collateralized with securities held by the County or the County's agent in the County's name.
2	Deposits collateralized by securities held by the pledging financial institution's agent in the County's name.
3	Deposits uncollateralized which include deposits collateralized by securities held by the pledging financial institution or by its trust department or agent not in the County's name.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

A. Cash and Cash Equivalents (Continued)

The County's depository agreement with First American Bank and the agreements with various other banks regarding funds under custody of the District Clerk require collateralization for all funds on deposit. The value of collateral must be equal to or greater than the average daily balance of funds on deposit or 105% of the prior month's average deposit. State statutes require that the collateral be government securities that are acceptable to the Commissioners' Court. At September 30, 2004, the carrying amounts for the County's cash and cash equivalents was \$51,721,075. Included in this amount is \$10,006,975 invested in Texpool and as a pooled investment is not identifiable and therefore not classified, in accordance with GASB Statement 3. The remaining \$41,714,100 is classified as a Category 1 credit risk. All deposits and time deposits (less than 90 days) are stated at cost and reflected on the balance sheet as "Cash and Cash Equivalents". Certificates of Deposit and Money Market accounts held by the Agency Funds are reflected on the balance sheet as "Investments" but are classified as Category 1 deposits for risk assessment purposes. The deposits include the cash and cash equivalents of all funds.

B. Investments

The County's investment policy is based on Section 116.112 of the Local Government Code and Government Code Chapter 2256, Subchapters A and B. This document sets forth

- (1) investment authority, scope of policy and investment objectives;
- (2) investment types and investment strategies;
- (3) investment responsibility, control, collateral, and investment safekeeping; and
- (4) investment reporting and performance evaluation.

Investments authorized by the investment policy are set forth in the Local Government Code and are as follows:

- direct debt securities of the United States, its agencies and instrumentalities.
- fully collateralized security repurchase agreements with the County depository or with state or national banks domiciled in Texas.
- certificates of deposit if issued by a state or a national bank domiciled in this state, or a savings and loan association domiciled in this state, if the certificate is 102% collateralized.
- a bankers' acceptance if it has a stated maturity of 270 days or fewer from the date of issuance and is eligible for collateral for borrowing from a Federal Reserve Bank.
- commercial paper is an authorized investment if the commercial paper has a stated maturity of 90 days or fewer from the date of issuance and is rated not less than A-1 and P-1.
- money market funds if the Commissioners' Court by resolution authorizes investment in the fund with limitations.
- eligible investment pools if the Commissioners' Court by resolution authorizes investment in the particular pool.

To protect against fraud and embezzlement, the County's investment policy requires that the assets of the County be secured through third party custody and safekeeping procedures.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

B. Investments (Continued)

Bearer instruments shall be held only through third party institutions. Investment officials shall be bonded to protect the public against possible embezzlement and malfeasance.

In a manner similar to cash deposits, investments are classified into three categories of credit risk based upon the following:

Category	Description
1	Investments that are insured or registered, or for which the securities are held by the County or its agent in the County's name.
2	Investments that are uninsured and unregistered for which the securities are held by the counter party's trust department or agent in the County's name.
3	Investments that are uninsured and unregistered for which the securities are held by the counter party or by its trust department or agent but not in the County's name.

The County is authorized (by the Texas Public Funds Investment Act, Texas Civil Statutes, Article 842a-2, as amended) to purchase, sell and invest its funds and funds under its control. During the year ended September 30, 2004, County investments included funds deposited in a local government investment pool, and direct debt securities of the United States. Investments in direct debt securities of the United States mature within one year of acquisition, and therefore are reported at amortized cost. Pooled investments are reported at fair value. Those subject to classification are Category 1 investments. The pooled investments are not identifiable investments and therefore not classified, in accordance with GASB Statement 3. The pooled investments are reflected as Cash and Cash Equivalents on the balance sheet. The Money Market and Certificates of Deposit are classified as Category 1 deposits.

Investments at September 30, 2004 are as follows:

Pooled Investments	\$ 10,006,975
Money Market and Certificates of Deposit	779,309
Property	<u>595,300</u>
Total Investments	<u>\$ 11,381,584</u>

The Money Market and Certificate of Deposit investments are recorded in the Agency Funds and are those funds held in a custodial relationship by the District Clerk as required by the District Courts and are categorized as Category 1 deposits. The listed property is that property recorded in the Bail Bond Board Agency Fund. The property is held by the County as security for the bail bondsman operating in the County and is not classified in accordance with GASB Statement 3.

NOTE 4 – TAXES AND OTHER RECEIVABLES

The following is a summary of the gross delinquent taxes receivable, penalties and interest on taxes receivable, and other receivables at year-end for the County's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts:

	General	Debt Service	Major Capital Projects	Nonmajor	Internal Service	Fiduciary	Total
Taxes	\$ 1,201,216	\$ 188,020	\$ -	\$ -	\$ -	\$ -	\$ 1,389,236
Penalty & Interest - Taxes	740,270	87,859	-	-	-	-	828,129
Court Fines & Fees	6,428,934	-	-	-	-	-	6,428,934
Interest	38,303	1,816	28,257	4,610	-	-	72,986
Accounts	1,584,288	7,400	-	428,090	20,661	1,180	2,041,619
Gross Receivables	<u>9,993,011</u>	<u>285,095</u>	<u>28,257</u>	<u>432,700</u>	<u>20,661</u>	<u>1,180</u>	<u>10,760,904</u>
Less:							-
Allowance	<u>(3,328,320)</u>	<u>(19,877)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,348,197)</u>
Net Receivable	<u>\$ 6,664,691</u>	<u>\$ 265,218</u>	<u>\$28,257</u>	<u>\$432,700</u>	<u>\$ 20,661</u>	<u>\$ 1,180</u>	<u>\$ 7,412,707</u>

In addition to the above, included in the statement of net assets of the governmental activities, is a receivable of \$80,435 that is due from fiduciary funds.

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NOTE 5 – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2004 was as follows:

	Balance at October 1, 2003	Additions	Deletions	Balance at September 30, 2004
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 6,854,820	\$ 18,999	\$ -	\$ 6,873,819
Construction in progress	2,715,788	1,076,203	(122,224)	3,669,767
Infrastructure	34,544,705	754,412	-	35,299,117
Total capital assets, not being depreciated	<u>44,115,313</u>	<u>1,849,614</u>	<u>(122,224)</u>	<u>45,842,703</u>
Capital assets, being depreciated:				
Buildings	26,396,161	331,432	-	26,727,593
Improvements other than Buildings	4,879,845	-	-	4,879,845
Machinery and Equipment	12,631,915	2,272,766	(606,249)	14,298,432
Total capital assets, being depreciated	<u>43,907,921</u>	<u>2,604,198</u>	<u>(606,249)</u>	<u>45,905,870</u>
Less accumulated depreciation for:				
Buildings	(12,842,655)	(668,754)	-	(13,511,409)
Improvements other than Buildings	(1,339,643)	(222,932)	-	(1,562,575)
Machinery and Equipment	(4,708,464)	(1,260,128)	360,601	(5,607,991)
Total accumulated depreciation	<u>(18,890,762)</u>	<u>(2,151,814)</u>	<u>360,601</u>	<u>(20,681,975)</u>
Total capital assets, being depreciated, net	<u>25,017,159</u>	<u>452,384</u>	<u>(245,648)</u>	<u>25,223,895</u>
Governmental activities capital assets, net	<u>\$ 69,132,472</u>	<u>\$ 2,301,998</u>	<u>\$ (367,872)</u>	<u>\$ 71,066,598</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated				
Machinery and Equipment	\$ 70,923	\$ -	\$ -	\$ 70,923
Total capital assets, being depreciated	<u>70,923</u>	<u>-</u>	<u>-</u>	<u>70,923</u>
Less accumulated depreciation for:				
Machinery and Equipment	(69,311)	(1,612)	-	(70,923)
Total accumulated depreciation	<u>(69,311)</u>	<u>(1,612)</u>	<u>-</u>	<u>(70,923)</u>
Total capital assets, being depreciated, net	<u>1,612</u>	<u>(1,612)</u>	<u>-</u>	<u>-</u>
Business-type activities capital assets, net	<u>\$ 1,612</u>	<u>\$ (1,612)</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense for FY 2004 was charged to functions as follows:

Governmental Activities:

General Government	\$ 510,006
Justice System	136,912
Law Enforcement	685,796
Juvenile Services	180,659
Public Transportation	430,247
Public Health	25,581
Human Services	<u>182,613</u>

Total depreciation expense - governmental activities	<u><u>2,151,814</u></u>
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Business-type activities:

County Attorney	<u>1,612</u>
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Total depreciation expense - business-type activities	<u><u>\$ 1,612</u></u>
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NOTE 6 – RESTRICTED ASSETS AND LIABILITIES

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various designations are established by actions of the Commissioners' Court and management and can be increased, reduced or eliminated by similar actions.

NOTE 7 – LEASES

A. Operating Leases

The County has entered into operating leases as both lessee and lessor. The County currently has facility leases in force that provide for cancellation at each annual anniversary date. These leases are for office space and ground storage having minimum annual lease payments of \$55,000. At September 30, 2004, the County had entered into three lease arrangements with outside non-profit entities to provide space within the Brazos Center, a public facility owned by the County. The County's lease arrangement with the Brazos Valley Museum, provides the Museum with space at the annual cost of \$1,248. The lease is a 50-year lease expiring in 2040. The County had entered a year-to-year lease with the Junior Service League of Bryan/College Station for \$7,800 per year. The lease was renewed in June 2003 for two years. The Brazos Valley Art League maintained an annual lease with the County, expiring each September in the amount of \$5,760. The League decided not to renew the lease and moved to a different facility after two months.

NOTE 7 – LEASES (Continued)

A. Operating Leases (Continued)

The County has entered into eleven non-cancelable operating leases for the use of photocopying equipment. Rent expense for operating leases was \$64,596 in 2004. The leases are for a 48 to 60 month period at an annual cost of \$64,596. The future minimum lease payments for these leases are as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2005	\$ 62,852
2006	54,072
2007	22,894
2008	21,814
2009	696
Total	<u>\$ 162,328</u>

B. Capital Leases

The County had no capital leases at September 30, 2004.

NOTE 8 - LONG-TERM DEBT

The following are debt issues with activity or outstanding balances at September 30, 2004.

<u>Description</u>	<u>Original Amount</u>	<u>Interest Rates (%)</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Outstanding at 9/30/04</u>
<u>Certificates of Obligation</u>					
Series 1996 - Various	\$ 8,500,000	6.3 - 6.7	1987	2002	\$ 6,605,000
Series 1998 - Various	10,000,000	4.63	1998	2013	8,420,000
Series 2001 - Judicial Software	1,000,000	3.4 - 5.5	2001	2009	625,000
Series 2002 - Various	2,995,000	2.8 - 3.85	2002	2013	2,275,000
Series 2003 - Various	10,000,000	2.6 - 4.55	2004	2023	9,725,000
Series 2004 - Various	5,000,000	2.6 - 4.55	2004	2024	5,000,000
<u>General Obligation Bonds</u>					
Exposition Center	8,000,000	4.3 - 6.5	2001	2021	8,000,000
Total General Obligation Debt					<u>40,650,000</u>
Premium					<u>11,975</u>
Total					<u>\$ 40,661,975</u>

NOTE 8 - LONG-TERM DEBT (Continued)

Activity for long-term debt of the County for the year ended September 30, 2004 was as follows.

Description	Balance Outstanding 10/1/2003	Issued During Year	Retired During Year	Balance Outstanding 9/30/2004	Amount Due Within One Year
<u>Certificates of Obligation</u>					
Series 1996 - Various	\$ 6,970,000	\$ -	\$ 365,000	\$ 6,605,000	\$ 385,000
Series 1998 - Various	9,155,000	-	735,000	8,420,000	795,000
Series 2001 - Judicial Software	750,000	-	125,000	625,000	125,000
Series 2002 - Various	2,635,000	-	360,000	2,275,000	360,000
Series 2003 - Various	-	10,000,000	275,000	9,725,000	395,000
Series 2004 - Various	-	5,000,000	-	5,000,000	-
<u>General Obligation Bonds</u>					
Exposition Center	8,000,000	-	-	8,000,000	330,000
Total General Obligation Debt	<u>\$ 27,510,000</u>	<u>\$ 15,000,000</u>	<u>\$ 1,860,000</u>	<u>\$ 40,650,000</u>	<u>\$ 2,390,000</u>

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NOTE 8 - LONG-TERM DEBT (Continued)

Annual debt service requirements as of September 30, 2004 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 2,390,000	\$ 1,786,102	\$ 4,176,102
2006	2,420,000	1,666,724	4,086,724
2007	2,725,000	1,556,553	4,281,553
2008	2,800,000	1,439,196	4,239,196
2009	2,885,000	1,317,851	4,202,851
2010-2013	11,400,000	3,979,062	15,379,062
2014-2016	5,930,000	1,829,776	7,759,776
2017-2021	10,100,000	1,755,656	11,855,656

During the year, the County issued \$15,000,000 of Certificates of Obligation, with the payment of the related principal and interest to be made from an annual ad valorem tax levied against all taxable property within the County. The Certificate was issued for the acquisition of major capital facilities and/or improvements of the County.

The Tax Recovery Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local governmental bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due on an annual basis and remit the amount due at least every five years. The County has not incurred any liability during the 2004 fiscal year.

In the government-wide governmental activities bond premiums, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium. Issuance costs are reported as prepaid expenses. In the current fiscal year the County issued \$15,000,000 in Certificates of Obligation, which generated no premiums on debt issuance and \$104,467 in issuance costs. For the year ended September 30, 2004, \$1,318 was expensed on the 2002 Certificate of Obligation bond premium. The remaining \$11,975 premium is reported as part of long-term debt payable in the government-wide statement of net activities. \$6,370 of issuance costs were expensed during the fiscal year and the \$130,972 remaining issuance costs are reported as prepaid expenses on the government-wide statement of net assets.

NOTE 8 - LONG-TERM DEBT (Continued)

Compensated Absences

Changes in compensated absences in the governmental activities for the year ended September 30, 2004, were as follows:

Balance at October 1, 2003	\$ 466,811
Accrued Compensated Leave & Vacation	772,149
Compensated Leave & Vacation Expenditure	<u>(732,126)</u>
Balance at September 30, 2004	<u>\$ 506,834</u>

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

The General Fund has a due from the Narcotics Task Force Grant Fund of \$18,521 for unreimbursed expenditures, \$18,511 is due from the Brazos Center for fees at year end. The General Fund has \$38,667 due from the Bail Bond Agency Fund for fees at year-end. The Tax Assessor Collector Agency Fund has \$15,865 that is un-claimed funds due to the Unclaimed Property Fund. The remaining interfund balances are due to normal operational transactions.

In the fund financial statements, interfund balances are the result of normal transactions between funds and will be liquidated in the subsequent fiscal year. Balances between governmental funds and between governmental funds and internal service funds are eliminated in the government-wide financial statements.

The following is a summary of amounts due from and due to other funds:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 82,883	\$ 1,713
Nonmajor Governmental Funds	15,882	19,165
Agency Funds and Other	<u>8,118</u>	<u>86,005</u>
Total	<u>\$ 106,883</u>	<u>\$ 106,883</u>

NOTE 9 – INTERFUND BALANCES AND TRANSFERS (Continued)

The following is a summary of the County's transfers for the year ended September 30, 2004:

	Transfer In:					Total
	General	Debt Service	Capital Project	Nonmajor	Internal Service	
<u>Transfer Out:</u>						
General Fund	\$ -	\$ 200,000	\$ (44,652)	\$ 233,314	\$ 200,000	\$ 588,662
Capital Project Funds	44,652	-	-	-	-	44,652
	<u>\$ 44,652</u>	<u>\$ 200,000</u>	<u>\$ (44,652)</u>	<u>\$ 233,314</u>	<u>\$ 200,000</u>	<u>\$ 633,314</u>

General Fund transferred \$200,000 to Debt Service Fund to cover anticipated debt issuance. It also transferred another \$200,000 to cover higher than anticipated increases in health care costs. Another \$233,314 was transferred from the General Fund to Non-major Funds to cover matching requirements for grants. The remaining transfers are due to completion of capital projects.

NOTE 10 – RISK MANAGEMENT

The County participates in a worker's compensation pool administered by the Texas Association of Counties. The Texas Association of Counties handles claims adjusting and related administrative services for the program. Premiums are evaluated annually by position class code at actuarially determined rates. The County worker's compensation program provides medical and indemnity payments as required by law for on-the-job related injuries and is accounted for by the use of departmental expenditures, based on a percentage of payroll. The pool that the County participates in has provided for reinsurance coverage for excess worker's compensation and employer's liability. The County does not recognize any liability for outstanding losses for incurred but not reported claims. The Texas Association of Counties assumes this responsibility. The County is self-insured for medical claims only. The County has established a Health and Life Insurance Internal Service Fund to account for the costs associated with various health-related insurance programs. The County currently provides medical and dental programs for its employees with basic prescription and life benefits attached. The County pays the full cost for all qualifying employees. The individual pays for dependent and retiree premium expenses (Note 12).

The Internal Service Fund acts as a clearing account to collect the premium payments from the County, the employee, and the retiree. The fund pays all claims and administrative fees. The County has purchased reinsurance that provides a \$75,000 stop loss on an individual claim, and an aggregate at \$60,000 after the initial individual claim has reached the \$75,000. All funds are available to pay claims and have been reserved for such purpose. The County experienced premium cost and claims of \$5,039,073, and \$5,313,494 for 2004 and 2003 respectively. At September 30, 2004, the County had accrued approximately \$633,600 for anticipated claims that had not been filed at year-end. This estimate is based on the number of claims filed subsequent to year-end that were for services rendered prior to year-end. The three months subsequent to the end of the fiscal year were used in this review. In addition, the County has accumulated \$312,621 in retained earnings to be used to offset unanticipated costs in future periods.

NOTE 10 – RISK MANAGEMENT (Continued)

Changes in the balances of unpaid liability during fiscal years 2003 and 2004 were as follows:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	<u>Claims Paid</u>	Balance at Fiscal <u>Year End</u>
2003	\$409,015	\$ 5,313,494	\$4,899,373	\$ 823,136
2004	823,136	5,039,073	5,228,611	633,598

The Commissioners' Court of Brazos County is aware that the County has risk of loss exposure to liability and accidental loss of real and personal property as well as human resources. County operations involve a variety of high-risk activities including, but not limited to, cash collections, road and bridge maintenance, law enforcement, and construction. The Commissioners' Court has created the office of Risk Management, whose responsibility it is to identify, evaluate, and manage risk in an effort to reduce the liability and accidental loss of property and human services. In the management process, the Risk Manager is assigned the responsibility of ensuring that all County employees are properly trained in safety. Brazos County employs risk-financing activities to include the purchase of insurance for general liability, vehicle liability, and liability from property damage claims. In addition, the County purchases property insurance, errors and omission coverage, professional liability insurance, as well as crime and fidelity coverage. Any liability that arises from the operation of motorized equipment will be considered to fall within the confines of the Texas Tort Claims Act, and thereby limit the County's exposure. At September 30, 2004, all claims against the County had been paid or accrued for payment, or the County's underwriter had accepted responsibility for the claim.

The County has not made any significant reductions in insurance coverage from coverage in the previous fiscal year. No settlements exceeded insurance coverage for the past three fiscal years.

NOTE 11 - RETIREMENT PLAN**A. Plan Description**

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the Texas County and District Retirement System ("TCDRS" or "System"). The Board of Trustees of the System is responsible for the administration of the statewide agent multiple-employer system consisting of over 500 nontraditional defined benefit pension plans. TCERS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. This report includes the required six-year trend information. To obtain a copy send a written request for the CAFR to the TCERS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The Commissioners' Court of Brazos County adopts the plan provisions, within the options available in the Texas State statutes governing TCERS (TCERS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of

NOTE 11 - RETIREMENT PLAN (Continued)

A. Plan Description (Continued)

age or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but accumulated contributions must be left in the plan. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and County-financed monetary credits. The governing body of Brazos County, within the actuarial constraints imposed by the TCDRS Act, adopts the level of these monetary credits. Therefore, the resulting benefits can be expected to be adequately financed by the County's commitment to contribute. At retirement, death, or disability the benefit is calculated by converting the sum of the employee's accumulated contributions and the County-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS.

B. Funding Policy

Brazos County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. Brazos County contributed using the actuarially determined rate of 11.37% for fiscal year 2004. For 2005, the County's rate is anticipated to decrease to 11.04%. The employee's member contribution rate remained at 7.00% for 2004.

C. Annual Pension Cost

For the County's fiscal year ending September 30, 2004, the County's annual pension cost for the TCDRS plan for its employees was \$2,224,886. The County's annual required contributions were \$2,224,886, and the County's actual contributions were \$2,224,886. The County's annual pension cost for the fiscal year ended September 30, 2003, was \$2,040,628. The annual required contribution for 2004 was actuarially determined as a percent of the covered payroll of the participating employees, and was in compliance with the GASB.

Statement No. 27 parameters based on the actuarial valuation as of December 31, 2001, and December 31, 2002, which is the basis for determining the contribution rate for calendar year 2003 and 2004 respectively. The December 31, 2003 actuarial valuation is the most recent valuation.

NOTE 11 - RETIREMENT PLAN (Continued)**C. Annual Pension Cost (Continued)**

Actuarial valuation date	<u>12/31/01</u>	<u>12/31/02</u>	<u>12/31/03</u>
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Remaining amortization period	20 years	20 years	20 years
Asset valuation method	Long-term appreciation with adjustment	Long-term appreciation with adjustment	Long-term appreciation with adjustment
Actuarial assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.5%	5.5%	5.5%
Includes inflation at	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

Trend Information for the Retirement Plan for the Employees of Brazos County

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
09/30/98	\$ 1,249,221	100%	None
09/30/99	\$ 1,505,335	100%	None
09/30/00	\$ 1,669,144	100%	None
09/30/01	\$ 1,741,765	100%	None
09/30/02	\$ 1,910,033	100%	None
09/30/03	\$ 2,040,628	100%	None
09/30/04	\$ 2,224,886	100%	None

NOTE 12 - OTHER EMPLOYMENT BENEFITS**A. Post Employment Benefits**

The County provides health care benefits as required by the Federal government under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). COBRA requires employers that sponsor group health plans to provide continuation of group coverage to terminated employees and their dependents in circumstances where coverage would normally end. The election to be covered is at the request of the employee. The employee is then required to pay the premium costs for themselves and their dependents. Expenditures are recognized as claims are submitted. COBRA participants are reimbursed at the same levels as active employees. At September 30, 2004, the County had been fully reimbursed for costs related to COBRA participants.

NOTE 12 - OTHER EMPLOYMENT BENEFITS (Continued)

B. Post Retirement Benefits

Brazos County has elected to offer post-retirement health care benefits to certain retirees. County policy allows employees to become eligible for post retirement health care benefits after meeting the service and retirement age requirements of the TCDRS retirement plan.

County policy restricts post retirement health care benefits to those employees that qualified for health coverage during employment. Health care benefits are available to employees that normally work 1,664 or more hours annually. The County opted to extend health care benefits to retirees that maintained coverage through the County's health care plan as of January 1, 2000. The County provides funding for the post retirement health care benefits. The County recognizes expenditures for post retirement health care benefits as paid, which during fiscal year 2004 totaled \$160,543. At September 30, 2004, there were 48 retirees receiving benefits and 51 employees that qualify for retirement and health related benefits.

C. Deferred Compensation

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, as amended, is available to all employees, and permits them to defer a portion of their salary until future years. The Plan funds are not available to employees until termination, retirement, death, or emergency. Brazos County is not the Plan administrator or the trustee, therefore the assets of the Plan are not a reportable fund within the County's financial statements.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

A. Contracts

County Exposition Center

At the November 2000 general election, the voters of Brazos County passed a proposition to allow the County to sell \$18.5 million in General Revenue Bonds to be used for the construction of a County Exposition Center. The County has entered into a contract with an architect for the design and construction of the Exposition Center. At September 30, 2004 the County had expended \$994,750 in architectural fees and \$1,984,000 in legal fees and land acquisition costs. In 2001, the County sold \$8,000,000 in General Obligation Bonds with a interest rate of 4.84% and a 20 year repayment schedule to be used for land acquisition and construction of the Center. At September 30, 2004, the County had prepared site plans and was anticipating approval from the Corp of Engineers. It is anticipated that the County will begin construction in 2006. The County plans to issue an additional \$6,000,000 in General Revenue Bonds in 2005, with the final \$4,500,000 to be issued in 2007.

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

B. Tax Increment Financing Zones

As of September 30, 2004, the County had entered into several inter-local agreements with the cities of Bryan and College Station for the creation of Tax Increment Financing Zones as allowed by Chapter 311 of the Texas Tax Code. Tax Increment Financing Zones (TIFZ) are statutory tools available to municipalities in Texas to promote development or redevelopment in an area that would not occur in the foreseeable future solely through private investment. TIFZ are also means to allow a community, both city and county, to enhance their ability to attract economic development or to allow businesses currently located within their area to expand. Once a city has designated a TIFZ, the Commissioners' Court must decide whether the County is to participate in the TIFZ and to what extent.

After the County has elected to participate, a base value for the property located within the TIFZ is established. At the date of creation the appraised value is normally accepted as the base value. As the property within the TIFZ develops the County collects taxes based on the appreciated appraised values at the rate established annually by Commissioner's Court. Once the taxes have been paid each year the County remits the amount of taxes attributable to the increase in the appraised values (captured value) to the Tax Increment Financing Zone to be used to fund the project plan. Project plans normally include the creation of infrastructure such as roads, street improvements, light systems, sewer systems, landscaping, parks, etc. A TIFZ can be terminated either on the date designated in the ordinance creating the zone, or the date on which all project costs, tax increment bonds, and interest on the bonds have been paid.

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NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

B. Tax Increment Financing Zones (Continued)

City of Bryan

Brazos County has entered into two inter-local agreements with the City of Bryan to create Reinvestment Zone Number Eight -“Park Hudson” and Reinvestment Zone Number Ten – “Traditions”. Park Hudson represents approximately 450 acres located on the east side of the City of Bryan and is a 20-year contract. The Traditions zone is approximately 790 acres on the west side of the City of Bryan and is scheduled for 15 years of County participation. The following is a schedule of relevant data with regards to these TIFZ’s:

Zone	Base Value	Captured Value	Tax Rate*	Captured Tax Revenue
Park Hudson				
2004	\$ 35,803	\$ 50,717,536	0.3839	\$ 198,180
2003	35,803	45,966,540	0.3723	172,732
2002	35,803	35,356,812	0.3857	137,567
2001	35,803	34,357,265	0.3857	132,516
2000	35,803	15,387,041	0.3736	57,486
Traditions				
2004	598,490	-	0.3839	-
2003	598,490	-	0.3723	-
2002	598,490	-	0.3857	-
2001	598,490	-	0.3857	-

City of College Station

Brazos County has entered into two inter-local agreements with the City of College Station to create Reinvestment Zone Number One -“Wolf Pen Creek Corridor”, Reinvestment Zone Number Seven “Wolf Pen Creek Office, Hotel, and Conference Center”. Reinvestment Zone Number Fifteen “30/60 Corridor” was cancelled on June 29, 2004 due to a change in the partners involved in the original T.I.F. plan. The Wolf Pen Creek Office, Hotel and Conference Center Reinvestment Zone consists of approximately 15 acres bounded on the north by Holleman Drive and bounded on the east by Dartmouth Drive. The Hotel and Conference Center is to be located on the northeast side of the city. TIFZ’s number one and seven are scheduled for a 20-year duration. The following is a schedule of relevant data with regards to these TIFZ’s for the fiscal year ended September 30, 2004:

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)**B. Tax Increment Financing Zones (Continued)***City of College Station (continued)*

Zone	Base Value	Captured Value	Tax Rate*	Captured Tax Revenue
Wolf Pen Creek:				
Corridor				
2004	\$ 18,502,607	\$ 39,950,673	0.3839	\$ 151,815
2003	18,502,607	30,533,129	0.3723	113,675
2002	18,502,607	25,325,687	0.4200	106,368
2001	18,502,607	25,325,687	0.4200	106,368
2000	18,502,607	23,743,340	0.4100	97,348
Wolf Pen Creek:				
Hotel/Conference				
2004	313,640	-	0.3839	-
2003	313,640	-	0.3839	-
2002	313,640	-	0.3723	-
2001	313,640	-	0.3857	-
2000	313,640	-	0.3736	-

* per \$100 valuation

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NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

C. Tax Abatements

Chapter 312 of the Texas Tax Code authorizes the County to provide property tax abatements for limited time periods to encourage development or expansion of property. The terms of each agreement are limited by the guidelines and criteria established by Commissioners' Court. At September 30, 2004 the County had established abatement agreements with the following property owners.

Property Owner	Date Of Abatement	2003 Appraised Value	2003 Taxable Value	2004 Taxes Levied
Conoco, Inc.	1995	\$ 10,642,170	\$ 3,672,823	\$ 15,977
Sanderson Farms	1995	43,496,865	6,855,184	29,820
Dealer Computer Services, Inc.	1997	754,438	54,964	239
O I Corporation	1997	2,005,540	1,409,140	6,130
Rental Systems, Inc.	1997	1,546,952	389,912	1,696
Saint-Gobain Norporo	1997	14,736,425	8,940,266	38,890
Universal Computer	1997	32,200,770	2,506,022	10,901
CS Development Group L.P.	1998	3,500,000	3,197,660	13,910
Hy-Line International	1998	4,374,958	2,957,397	12,865
Prodigene, Inc.	1998	1,165,515	918,093	3,994
B-CS Economic Development Corp.	1999	4,530,710	3,530,969	15,360
Decision One	1999	1,000,800	751,053	3,267
Stata Corporation	1999	2,326,890	1,016,244	4,421
Betco	2000	4,607,645	3,811,458	16,580
Heat Transfer Research	2001	2,771,675	1,445,217	6,287
Hewlett Packard Company	2003	266,230	79,869	347
Bryan Lumber Remanufacturing	2003	510,065	302,306	1,315
Coca-Cola Enterprises	2003	531,620	531,620	2,313
CW CS 1	2003	7,200,000	2,412,476	10,494

D. Contingent Liabilities

The County is a defendant in various lawsuits. All are matters that are pending and have arisen in the normal course of the County's operations. Although the outcome of these lawsuits is not presently determinable, the County's various legal counsels are of the opinion that the settlement of these claims and pending litigation will not have a material effect on the County's financial statements. Consequently, there has been no current provision to reserve funds for such claims.

The County receives various grant monies that are subject to audit and adjustment by the grantor agencies. Any disallowed expenditure will become a liability of the County. The amount cannot be determined at this time, but the County expects such amounts, if any, to be immaterial.

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENT

The Government Accounting Standards Board has issued Statement No. 40 (“GASB 40”), “Deposit and Investment Risk Disclosures” which will be effective for the County in the fiscal year ending September 30, 2005. GASB 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. This Statement also establishes and modifies disclosure requirements for deposit risks: custodial credit risk and foreign currency risk. The County does not believe the implementation of this standard will have a material impact on its financial statements.

The Governmental Accounting Standards Board has issued Statement No. 42 (“GASB 42”), “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries” which will be effective for the County in the fiscal year ending September 30, 2006. GASB 42 establishes guidance for accounting and reporting for the impairment of capital assets and for insurance recoveries. The County does not believe the implementation of this standard will have a material impact on its financial statements.

The Governmental Accounting Standards Board has issued Statement No. 44 (“GASB 44”), “Economic Condition Reporting: The Statistical Section” which will be effective for the County in the fiscal year ending September 30, 2006. GASB 44 establishes and modifies requirements related to the supplementary information presented in the statistical section. The County does not believe the implementation of this standard will have a material impact on its financial statements.

The Governmental Accounting Standards Board has issued Statement No. 45 (“GASB 45”), “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” which will be effective for the County in the fiscal year ending September 30, 2009. GASB 45 establishes financial reporting standards for other post employment benefit plans. Currently the County has established a post employment healthcare plan for full time regular employees that retire after January 1, 2000. This statement will require the County to accumulate assets for the payment of postemployment healthcare benefits. The County is currently in the process of determining the financial impact of this requirement.

REQUIRED SUPPLEMENTARY INFORMATION

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Taxes			
Current Ad Valorem Taxes	\$ 21,796,700	\$ 21,806,700	\$ 23,082,475
Delinquent Ad Valorem Taxes	419,000	419,000	388,305
Penalties & Interest - Taxes	260,000	250,000	248,385
Mixed Drink Tax	332,000	332,000	348,790
County Sales Tax	7,801,000	7,801,000	8,413,179
Total Taxes	30,608,700	30,608,700	32,481,134
Charges For Services			
Contracted Detention Services	50,000	50,000	2,900
Contracted Jail Services	85,000	85,000	109,705
Arrest Fees	78,000	78,000	63,458
Brazos Center	159,000	159,000	198,336
Bond Service/Forfeitures	120,100	120,100	205,737
County Clerk	525,000	525,000	638,077
Vital Statistics Preservation	5,800	5,800	5,779
County Attorney	65,000	65,000	52,620
General Administration Fees	6,600	6,600	11,003
Constables	95,000	95,000	121,058
Court Reporter	33,000	33,000	30,657
Magistrate	50,000	50,000	67,760
District Clerk	336,000	336,000	332,071
District Attorney	2,000	2,000	7,244
Motor Carrier Weight	21,000	21,000	-
Inmate Medical Fees	5,000	5,000	6,835
Justice of the Peace	1,010,000	1,010,000	1,236,903
Juvenile Probation Fees	12,000	12,000	15,203
License and Weights	20,000	20,000	14,150
Omnibus Crime Control Fees	77,200	77,200	68,543
Optional License Fees	1,169,000	1,169,000	1,104,674
Probate Fees	1,000	1,000	2,833
School Crossing Fees	21,000	21,000	21,182
Sheriff	74,100	74,100	91,947
Landfill Fees	25,000	25,000	31,209
Tax Assessor-Collector	493,000	493,000	554,494
Vehicle Registration Fees	1,195,000	1,195,000	1,136,744
Licenses and Permits	25,000	25,000	21,558
Court Fines	1,140,000	1,140,000	1,022,664
Total Charges For Services	\$ 6,898,800	\$ 6,898,800	\$ 7,175,344

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
REVENUES (continued)			
Intergovernmental - Federal			
Department of Justice	\$ 108,630	\$ 119,349	\$ 119,477
Department of Health & Human Services	78,000	78,000	92,818
Emergency Management Agency	43,000	43,000	42,388
Total Intergovernmental - Federal	<u>229,630</u>	<u>240,349</u>	<u>254,683</u>
Intergovernmental - State			
Attorney General	90,100	90,100	135,670
Department of Justice	157,050	157,050	176,707
D. A. Salary Supplement	34,450	34,450	33,630
Indigent Defense - Office of Court Administration	40,000	40,000	-
Texas Juvenile Probation Commission	325,000	419,300	533,600
Texas Youth Commission	50,000	50,000	60,597
Tobacco Settlement	-	-	59,520
Total Intergovernmental - State	<u>696,600</u>	<u>790,900</u>	<u>999,724</u>
Intergovernmental - Other			
Crime Stoppers	12,700	12,700	13,498
Total Intergovernmental - Other	<u>12,700</u>	<u>12,700</u>	<u>13,498</u>
Total Intergovernmental	<u>938,930</u>	<u>1,043,949</u>	<u>1,267,905</u>
Interest	<u>481,000</u>	<u>481,000</u>	<u>381,658</u>
Other Revenue			
Donations	1,100	1,100	-
Road Crossing	500	500	1,000
Reimbursements	62,700	62,700	263,754
Leases and Rentals	15,000	15,000	10,008
Other	11,700	25,200	29,569
Estray Animal Sale/Fee	100	100	-
Inmate Phone System	220,000	220,000	218,726
Oil and Gas Lease	3,000	3,000	6,116
Informal Adjudication Probation	6,000	6,000	7,417
Total Other Revenue	<u>320,100</u>	<u>333,600</u>	<u>536,590</u>
TOTAL REVENUES	<u>\$ 39,247,530</u>	<u>\$ 39,366,049</u>	<u>\$ 41,842,631</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
EXPENDITURES			
General Government			
County Judge			
Personnel Services	\$ 164,660	\$ 164,660	\$ 136,276
Supplies and Other Charges	6,180	6,040	4,898
Repairs and Maintenance	380	380	197
Minor Acquisitions	-	140	140
	<u>171,220</u>	<u>171,220</u>	<u>141,511</u>
Commissioners' Court			
Personnel Services	591,290	648,597	646,230
Discretionary Funding	1,700	1,700	-
Supplies and Other Charges	32,540	32,540	30,028
Repairs and Maintenance	1,660	1,660	1,357
Minor Acquisitions	-	-	-
Contract Services	-	237,400	237,400
	<u>627,190</u>	<u>921,897</u>	<u>915,015</u>
Non-Departmental			
Supplies and Other Charges	965,000	1,008,680	1,008,126
Repairs and Maintenance	-	1,500	986
Professional Services	182,000	174,220	141,662
	<u>1,147,000</u>	<u>1,184,400</u>	<u>1,150,774</u>
Community Support			
Contract Services	2,193,170	2,194,170	2,064,564
	<u>2,193,170</u>	<u>2,194,170</u>	<u>2,064,564</u>
County Treasurer			
Personnel Services	297,594	298,965	298,963
Discretionary Funding	1,300	1,300	-
Supplies and Other Charges	12,310	12,010	9,874
Repairs and Maintenance	800	800	441
Minor Acquisitions	1,850	2,150	2,020
Contract Services	2,700	2,700	2,700
	<u>316,554</u>	<u>317,925</u>	<u>313,998</u>
Risk Management			
Personnel Services	97,410	97,410	97,059
Discretionary Funding	400	400	-
Supplies and Other Charges	10,645	9,895	5,688
Repairs and Maintenance	-	250	194
Minor Acquisitions	450	1,796	899
Professional Services	1,500	1,500	-
	<u>110,405</u>	<u>111,251</u>	<u>103,840</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
General Government (continued)			
Tax Assessor-Collector			
Personnel Services	\$ 1,292,356	\$ 1,292,356	\$ 1,158,638
Discretionary Funding	7,100	4,600	-
Supplies and Other Charges	48,600	48,600	37,885
Repairs and Maintenance	3,000	3,000	1,861
Minor Acquisitions	9,000	11,500	11,305
Contract Services	7,700	7,700	7,200
	<u>1,367,756</u>	<u>1,367,756</u>	<u>1,216,889</u>
Information Technology			
Personnel Services	832,910	832,910	808,752
Discretionary Funding	2,600	584	-
Supplies and Other Charges	68,020	62,880	56,643
Repairs and Maintenance	49,025	53,654	52,389
Minor Acquisitions	102,600	116,844	116,670
Contract Services	462,656	456,656	447,704
Professional Services	15,000	11,800	9,924
	<u>1,532,811</u>	<u>1,535,328</u>	<u>1,492,082</u>
Personnel			
Personnel Services	160,350	160,350	160,209
Discretionary Funding	800	300	-
Supplies and Other Charges	14,550	14,900	14,381
Repairs and Maintenance	100	400	-
Minor Acquisitions	650	-	-
Contract Services	-	500	500
	<u>176,450</u>	<u>176,450</u>	<u>175,090</u>
County Auditor			
Personnel Services	517,780	517,780	490,528
Supplies and Other Charges	18,000	18,000	16,078
Repairs and Maintenance	200	165	-
Minor Acquisitions	530	565	549
Contract Services	5,160	5,160	4,860
	<u>541,670</u>	<u>541,670</u>	<u>512,015</u>
Purchasing			
Personnel Services	172,730	172,730	172,066
Discretionary Funding	800	250	-
Supplies and Other Charges	10,980	10,980	10,585
Repairs and Maintenance	2,100	2,100	1,812
Minor Acquisitions	-	550	504
	<u>186,610</u>	<u>186,610</u>	<u>184,967</u>
Buildings and Grounds			
Personnel Services	841,810	841,810	820,970
Discretionary Funding	4,300	4,300	-
Supplies and Other Charges	40,730	40,730	30,398
Repairs and Maintenance	173,180	173,180	155,637
Minor Acquisitions	2,020	2,020	1,873
Contract Services	19,650	20,810	17,839
	<u>1,081,690</u>	<u>1,082,850</u>	<u>1,026,717</u>
Total General Government	<u>\$ 9,452,526</u>	<u>\$ 9,791,527</u>	<u>\$ 9,297,462</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
Justice System			
County Attorney			
Personnel Services	\$ 1,574,155	\$ 1,574,155	\$ 1,527,141
Discretionary Funding	5,000	3,818	-
Supplies and Other Charges	59,520	58,336	54,975
Repairs and Maintenance	4,600	4,600	3,401
Minor Acquisitions	2,215	5,031	5,031
Contract Services	5,820	5,820	5,544
	<u>1,651,310</u>	<u>1,651,760</u>	<u>1,596,092</u>
District Attorney			
Personnel Services	1,547,360	1,547,360	1,504,380
Discretionary Funding	4,900	4,900	-
Supplies and Other Charges	88,920	127,370	96,743
Repairs and Maintenance	9,700	8,800	7,627
Minor Acquisitions	5,200	3,650	3,207
Contract Services	5,000	5,000	-
	<u>1,661,080</u>	<u>1,697,080</u>	<u>1,611,957</u>
Child Protective Services			
Personnel Services	61,440	61,440	56,591
Supplies and Other Charges	10,620	10,620	1,718
	<u>72,060</u>	<u>72,060</u>	<u>58,309</u>
Gun Violence Prosecution			
Personnel Services	66,790	66,790	65,217
	<u>66,790</u>	<u>66,790</u>	<u>65,217</u>
District Clerk			
Personnel Services	686,356	685,426	631,582
Discretionary Funding	4,000	4,000	-
Supplies and Other Charges	32,650	32,584	27,945
Repairs and Maintenance	3,800	3,800	1,389
Minor Acquisitions	2,020	2,020	1,793
Contract Services	7,000	7,066	6,604
	<u>735,826</u>	<u>734,896</u>	<u>669,313</u>
Court and Jury Services			
Personnel Services	78,080	79,010	79,008
Discretionary Funding	400	400	-
Supplies and Other Charges	81,350	81,350	79,616
Repairs and Maintenance	100	100	-
Minor Acquisitions	-	-	-
	<u>159,930</u>	<u>160,860</u>	<u>158,624</u>
Collections			
Personnel Services	114,600	114,600	108,297
Discretionary Funding	600	600	-
Supplies and Other Charges	3,850	3,698	3,171
Repairs and Maintenance	220	220	-
Minor Acquisitions	-	152	151
	<u>119,270</u>	<u>119,270</u>	<u>111,619</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
Justice System (continued)			
County Clerk			
Personnel Services	\$ 365,214	\$ 365,214	\$ 354,590
Discretionary Funding	2,100	2,100	-
Supplies and Other Charges	199,115	199,115	151,142
Repairs and Maintenance	1,850	1,850	1,435
Minor Acquisitions	1,400	1,400	497
Contract Services	4,620	4,620	4,284
	<u>574,299</u>	<u>574,299</u>	<u>511,948</u>
Vital Statistics Preservation			
Contract Services	5,800	5,800	-
	<u>5,800</u>	<u>5,800</u>	<u>-</u>
85th District Court			
Personnel Services	214,360	214,360	203,624
Employment Services	2,000	4,500	3,713
Discretionary Funding	1,000	1,000	-
Supplies and Other Charges	19,800	21,000	18,517
Repairs and Maintenance	1,100	500	388
Minor Acquisitions	6,500	5,900	5,170
	<u>244,760</u>	<u>247,260</u>	<u>231,412</u>
272nd District Court			
Personnel Services	207,300	208,621	208,620
Employment Services	2,000	2,000	399
Discretionary Funding	1,000	-	-
Supplies and Other Charges	13,635	14,205	13,060
Repairs and Maintenance	550	975	374
Minor Acquisitions	200	855	849
	<u>224,685</u>	<u>226,656</u>	<u>223,302</u>
361st District Court			
Personnel Services	212,900	212,900	208,579
Employment Services	2,000	2,000	411
Discretionary Funding	1,000	1,000	-
Supplies and Other Charges	22,165	21,965	16,885
Repairs and Maintenance	1,100	1,100	879
Minor Acquisitions	-	200	169
	<u>239,165</u>	<u>239,165</u>	<u>226,923</u>
Juvenile Court Referee			
Personnel Services	130,870	130,870	128,329
Discretionary Funding	400	-	-
Supplies and Other Charges	2,560	2,525	2,382
Repairs and Maintenance	-	435	434
	<u>133,830</u>	<u>133,830</u>	<u>131,145</u>
Magistrate			
Personnel Services	56,230	56,230	50,296
Discretionary Funding	100	100	-
Supplies and Other Charges	3,660	3,660	3,230
Repairs and Maintenance	150	150	71
Minor Acquisitions	800	800	695
	<u>60,940</u>	<u>60,940</u>	<u>54,292</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
Justice System (continued)			
County Court At Law #1			
Personnel Services	\$ 337,826	\$ 337,826	\$ 328,483
Employment Services	2,000	900	583
Discretionary Funding	1,000	-	-
Supplies and Other Charges	18,645	19,050	17,394
Repairs and Maintenance	450	450	310
Minor Acquisition	3,500	4,640	4,618
	<u>363,421</u>	<u>362,866</u>	<u>351,388</u>
County Court At Law #2			
Personnel Services	335,666	334,362	334,360
Employment Services	2,000	2,000	30
Discretionary Funding	1,100	1,100	-
Supplies and Other Charges	15,560	15,372	13,446
Repairs and Maintenance	300	488	488
Minor Acquisitions	5,400	8,500	3,100
	<u>360,026</u>	<u>361,822</u>	<u>351,424</u>
Justice of the Peace Precinct 1			
Personnel Services	158,970	158,970	148,543
Discretionary Funding	800	800	-
Supplies and Other Charges	19,320	19,320	18,244
Repairs and Maintenance	500	500	388
Minor Acquisitions	1,800	1,800	1,563
Contract Services	20,680	20,680	17,796
	<u>202,070</u>	<u>202,070</u>	<u>186,534</u>
Justice of the Peace Precinct 2 Place 1			
Personnel Services	150,720	150,720	147,592
Discretionary Funding	700	700	-
Supplies and Other Charges	6,210	6,210	5,895
Repairs and Maintenance	770	770	582
Minor Acquisitions	-	-	-
	<u>158,400</u>	<u>158,400</u>	<u>154,069</u>
Justice of the Peace Precinct 2 Place 2			
Personnel Services	158,690	158,690	145,127
Discretionary Funding	600	600	-
Supplies and Other Charges	14,960	18,160	16,568
Repairs and Maintenance	1,000	1,000	900
Minor Acquisitions	5,200	5,200	4,362
Contract Services	16,320	19,770	19,429
	<u>196,770</u>	<u>203,420</u>	<u>186,386</u>
Justice of the Peace Precinct 3			
Personnel Services	203,700	204,940	204,938
Discretionary Funding	1,000	1,000	-
Supplies and Other Charges	15,290	17,863	12,768
Repairs and Maintenance	250	250	190
Contract Services	14,400	14,788	14,788
	<u>234,640</u>	<u>238,841</u>	<u>232,684</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
Justice System (continued)			
Justice of the Peace Precinct 4			
Personnel Services	\$ 128,760	\$ 128,760	\$ 127,618
Discretionary Funding	600	600	-
Supplies and Other Charges	3,610	3,610	3,468
Repairs and Maintenance	300	300	-
Minor Acquisitions	500	500	-
Contract Services	-	1,160	1,160
	<u>133,770</u>	<u>134,930</u>	<u>132,246</u>
Community Supervision Support			
Supplies and Other Charges	31,620	43,095	39,867
Repairs and Maintenance	1,950	1,950	155
Minor Acquisitions	500	500	474
Contract Services	5,820	5,820	5,544
	<u>39,890</u>	<u>51,365</u>	<u>46,040</u>
Judicial Court Support			
Supplies and Other Charges	227,500	227,500	196,506
Contract Services	600,000	750,000	742,832
Professional Services	1,079,500	1,084,500	1,016,988
	<u>1,907,000</u>	<u>2,062,000</u>	<u>1,956,326</u>
Total Justice System	<u>\$ 9,545,732</u>	<u>\$ 9,766,380</u>	<u>\$ 9,247,250</u>
Law Enforcement			
Sheriff Administration			
Personnel Services	\$ 2,564,410	\$ 2,565,494	\$ 2,457,552
Discretionary Funding	9,600	9,600	-
Supplies and Other Charges	90,960	85,069	82,123
Repairs and Maintenance	114,450	138,228	134,117
Minor Acquisitions	8,020	4,010	3,939
Contract Services	13,820	14,075	13,799
Professional Services	2,750	2,618	2,617
	<u>2,804,010</u>	<u>2,819,094</u>	<u>2,694,147</u>
Joint Terrorism Task Force			
Personnel Services	-	10,719	4,058
	<u>-</u>	<u>10,719</u>	<u>4,058</u>
Sheriff Jail Administration			
Personnel Services	5,922,900	5,921,816	5,751,691
Discretionary Funding	28,650	7,650	-
Supplies and Other Charges	786,100	808,900	805,212
Repairs and Maintenance	12,300	28,920	25,371
Minor Acquisitions	16,190	16,190	11,785
Contract Services	4,680	6,060	5,218
Professional Services	45,550	47,750	47,565
	<u>6,816,370</u>	<u>6,837,286</u>	<u>6,646,842</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
Law Enforcement (continued)			
Constable Precinct 1			
Personnel Services	\$ 177,840	\$ 177,840	\$ 181,051
Discretionary Funding	800	100	82
Supplies and Other Charges	11,380	11,202	10,446
Repairs and Maintenance	6,100	7,855	7,854
Minor Acquisitions	1,600	3,588	3,582
Contract Services	8,960	6,989	5,666
	<u>206,680</u>	<u>207,574</u>	<u>208,681</u>
Constable Precinct 2			
Personnel Services	262,680	263,257	263,256
Discretionary Funding	1,200	310	-
Supplies and Other Charges	11,550	10,040	9,394
Repairs and Maintenance	11,545	14,987	14,622
Minor Acquisitions	1,925	2,170	1,621
	<u>288,900</u>	<u>290,764</u>	<u>288,893</u>
Constable Precinct 3			
Personnel Services	138,410	138,410	135,931
Discretionary Funding	600	600	-
Supplies and Other Charges	13,440	14,713	14,395
Repairs and Maintenance	5,050	5,014	4,343
Minor Acquisitions	1,625	1,625	974
Contract Services	7,950	8,538	8,537
	<u>167,075</u>	<u>168,900</u>	<u>164,180</u>
Constable Precinct 4			
Personnel Services	176,690	176,690	175,770
Discretionary Funding	800	300	-
Supplies and Other Charges	7,975	7,975	7,486
Repairs and Maintenance	6,950	8,201	8,080
Minor Acquisitions	1,000	1,000	-
Contract Services	-	1,160	1,160
	<u>193,415</u>	<u>195,326</u>	<u>192,496</u>
Constable Precinct 6			
Personnel Services	52,640	52,720	52,719
	<u>52,640</u>	<u>52,720</u>	<u>52,719</u>
Total Law Enforcement	<u>\$ 10,529,090</u>	<u>\$ 10,582,383</u>	<u>\$ 10,252,016</u>
Juvenile Services			
Juvenile Services			
Personnel Services	\$ 2,467,958	\$ 2,465,798	\$ 2,149,656
Discretionary Funding	12,200	3,870	-
Supplies and Other Charges	229,210	229,210	221,662
Repairs and Maintenance	8,750	8,750	7,862
Minor Acquisitions	1,650	4,180	4,127
Contract Services	34,700	34,480	31,651
Professional Services	45,220	47,740	43,180
	<u>2,799,688</u>	<u>2,794,028</u>	<u>2,458,138</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
Juvenile Services (continued)			
TYC - Parole			
Personnel Services	\$ 101,640	\$ 99,430	\$ 83,813
Supplies and Other Charges	1,000	5,885	3,263
Repairs and Maintenance	500	500	285
Minor Acquisitions	-	-	-
Contract Services	34,100	29,215	29,211
	<u>137,240</u>	<u>135,030</u>	<u>116,572</u>
 Juvenile Justice Alternative Education			
Personnel Services	76,410	76,410	67,279
Supplies and Other Charges	1,000	1,000	-
	<u>77,410</u>	<u>77,410</u>	<u>67,279</u>
 Juvenile - Title IV E			
Personnel Services	152,100	149,250	134,862
Supplies and Other Charges	53,230	50,490	34,001
Repairs and Maintenance	5,250	4,870	3,998
Minor Acquisitions	14,440	13,240	13,213
Contract Services	9,400	9,400	6,903
Professional Services	-	100,000	96,982
	<u>234,420</u>	<u>327,250</u>	<u>289,959</u>
 TDHS - Commodities			
Supplies and Other Charges	3,000	3,000	2,146
	<u>3,000</u>	<u>3,000</u>	<u>2,146</u>
 Total Juvenile Services	\$ 3,251,758	\$ 3,336,718	\$ 2,934,094
 Public Transportation			
Road and Bridge Administration			
Personnel Services	\$ 2,576,630	\$ 2,576,630	\$ 2,333,677
Employment Services	-	4,100	792
Discretionary Funding	92,870	92,870	-
Supplies and Other Charges	528,560	541,019	73,545
Repairs and Maintenance	1,931,290	2,074,956	2,074,955
Minor Acquisitions	10,930	9,930	9,058
Contract Services	61,400	56,171	54,459
Professional Services	135,000	75,000	74,281
	<u>5,336,680</u>	<u>5,430,676</u>	<u>4,620,767</u>
 Total Public Transportation	\$ 5,336,680	\$ 5,430,676	\$ 4,620,767
 Public Health			
Environmental Protection			
Supplies and Other Charges	\$ 7,200	\$ 7,200	\$ 6,637
Contract Services	147,400	147,400	139,886
	<u>154,600</u>	<u>154,600</u>	<u>146,523</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
Public Health (continued)			
Indigent Health Care			
Supplies and Other Charges	\$ 525,000	\$ 525,000	\$ 412,031
Contract Services	92,700	92,700	92,693
Professional Services	1,285,600	1,285,600	771,818
	<u>1,903,300</u>	<u>1,903,300</u>	<u>1,276,542</u>
Community Public Health			
Contract Services	110,000	110,000	110,000
	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>
Total Public Health	<u>\$ 2,167,900</u>	<u>\$ 2,167,900</u>	<u>\$ 1,533,065</u>
Human Services			
Veteran Services			
Personnel Services	\$ 13,510	\$ 13,578	\$ 13,578
Discretionary Funding	100	100	-
Supplies and Other Charges	1,400	1,400	817
Repairs and Maintenance	200	200	-
	<u>15,210</u>	<u>15,278</u>	<u>14,395</u>
County Fire Protection			
Supplies and Other Charges	-	-	-
Contract Services	416,000	416,000	416,000
	<u>416,000</u>	<u>416,000</u>	<u>416,000</u>
County Welfare			
Supplies and Other Charges	5,000	5,000	2,240
	<u>5,000</u>	<u>5,000</u>	<u>2,240</u>
Elections			
Personnel Services	40,260	45,360	36,957
Outside Labor Costs	94,500	84,882	84,881
Supplies and Other Charges	18,300	22,988	22,674
Repairs and Maintenance	42,500	40,600	40,600
Contract Services	900	1,250	1,250
Professional Services	22,500	40,650	36,726
	<u>218,960</u>	<u>235,730</u>	<u>223,088</u>
Health Department			
Supplies and Other Charges	37,810	41,785	41,735
Professional Services	12,000	11,550	11,529
	<u>49,810</u>	<u>53,335</u>	<u>53,264</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
Human Services (continued)			
Emergency Management			
Personnel Services	\$ 96,340	\$ 96,340	\$ 94,203
Discretionary Funding	300	300	-
Supplies and Other Charges	13,050	13,050	11,109
Repairs and Maintenance	4,350	4,350	2,500
Minor Acquisitions	1,250	1,450	654
Contract Services	4,500	4,500	4,050
Professional Services	3,150	3,150	2,255
	<u>122,940</u>	<u>123,140</u>	<u>114,771</u>
 Brazos Center			
Personnel Services	398,630	398,630	350,934
Employment Services	500	500	-
Discretionary Funding	2,200	2,200	-
Supplies and Other Charges	123,300	135,250	132,653
Repairs and Maintenance	66,650	54,204	41,217
Minor Acquisitions	4,850	4,946	4,856
Contract Services	49,000	49,000	35,448
	<u>645,130</u>	<u>644,730</u>	<u>565,108</u>
 Exposition Center			
Personnel Services	114,610	114,610	-
Supplies and Other Charges	36,000	36,000	-
	<u>150,610</u>	<u>150,610</u>	<u>-</u>
 Agricultural Extension			
Personnel Services	211,760	209,460	164,427
Discretionary Funding	1,500	2,300	1,600
Supplies and Other Charges	39,550	40,150	35,271
Repairs and Maintenance	500	525	524
Minor Acquisitions	2,550	3,917	3,763
Contract Services	18,060	18,060	15,120
	<u>273,920</u>	<u>274,412</u>	<u>220,705</u>
 City of College Station - TEEX			
Minor Acquisitions	-	13,500	13,493
	<u>-</u>	<u>13,500</u>	<u>13,493</u>
 Child Protective Services			
Supplies and Other Charges	50,000	50,000	40,193
	<u>50,000</u>	<u>50,000</u>	<u>40,193</u>
 Total Human Services	<u>\$ 1,947,580</u>	<u>\$ 1,981,735</u>	<u>\$ 1,663,257</u>
 Capital Outlay	<u>\$ 29,000</u>	<u>\$ 73,481</u>	<u>\$ 71,950</u>

BRAZOS COUNTY, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
EXPENDITURES (continued)			
Debt Service			
Principal	\$ 171,150	\$ 171,150	\$ 171,142
Interest	6,510	6,510	6,501
Total Debt Service	<u>177,660</u>	<u>177,660</u>	<u>177,643</u>
TOTAL EXPENDITURES	<u>42,437,926</u>	<u>43,308,460</u>	<u>39,797,504</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,190,396)</u>	<u>(3,942,411)</u>	<u>2,045,127</u>
Other Financing Sources (Uses)			
Operating Transfers In	-	-	44,652
Operating Transfers Out	(629,624)	(729,765)	(633,314)
Sale of Fixed Assets	40,000	40,000	39,840
Total Other Financing Sources (Uses)	<u>(589,624)</u>	<u>(689,765)</u>	<u>(548,822)</u>
Net Change in Fund Balances	(3,780,020)	(4,632,176)	1,496,305
FUND BALANCE, OCTOBER 1	<u>18,148,054</u>	<u>18,148,054</u>	<u>18,148,054</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 14,368,034</u>	<u>\$ 13,515,878</u>	<u>\$ 19,644,359</u>

BRAZOS COUNTY, TEXAS

Required Supplementary Information - Retirement System

September 30, 2004

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll (1)	UAAL as a Percentage of Covered Payroll
12/31/95	\$19,981,341	\$22,818,313	\$2,836,972	87.57%	\$12,604,354	22.51%
12/31/96	22,756,204	29,946,254	7,190,050	75.99%	13,287,813	54.11%
12/31/97 (2)	25,596,813	34,465,968	8,869,155	74.27%	14,554,927	60.94%
12/31/98	28,670,100	38,192,134	9,522,034	75.07%	15,418,101	61.76%
12/31/99	32,951,466	42,652,282	9,700,816	77.26%	16,620,858	58.37%
12/31/00	37,287,534	47,146,262	9,858,728	79.09%	17,804,155	55.37%
12/31/01	40,804,100	51,952,718	11,148,618	78.54%	19,149,679	58.22%
12/31/02	44,733,516	57,057,239	12,323,723	78.40%	20,610,362	59.79%
12/31/03	50,448,656	62,151,023	11,702,367	81.17%	21,311,160	54.91%

(1) The annual covered payroll is based on the employer contributions received by TCDRS for the year ending with the valuation date.

(2) Valuation reflects revised economic and demographic assumptions due to experience review.

BRAZOS COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2004

INFRASTRUCTURE ASSETS UNDER MODIFIED APPROACH

As permitted by Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, Brazos County has adopted the modified approach for reporting its road and bridge system. Under the modified approach, depreciation is not reported and certain preservation and maintenance costs are expensed.

The modified approach requires that Brazos County maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets, perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale in order to document that the eligible infrastructure assets are being preserved approximately at or above the condition level established and disclosed by the government, and estimate each year the annual amount needed to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the government.

Roads

The Brazos County Road and Bridge department performs condition assessments of county roads continually throughout the year and evaluates and prioritizes the results annually. The condition assessment team consists of the County Engineer (Registered Professional Engineer), a planning and development supervisor, a general superintendent and 4 road supervisors, one for each precinct in the County. This team utilizes various criteria for evaluating the condition of the roads including the traffic volume of the road, the number of man hours used to maintain the road in the last year, the potential traffic on the road based on observed development of properties accessing the road, the number of traffic accidents and the type of accidents, and a visual inspection of the road for settlement spots, rough pavement, areas requiring patching, and the frequency of repair activities on the road. Each road is assessed on a scale of zero to 100 with 100 representing a road in perfect condition. The County has adopted a minimum condition level of 80% for all County roads. The results of the 2004 condition assessment are as follows:

Precinct	Percentage of Miles at 80% or greater condition level	Percentage of Miles at 70% or greater condition level	Percentage of Miles at 60% or greater condition level
1	95%	4%	1%
2	84%	11%	5%
3	100%	0%	0%
4	97%	3%	0%

INFRASTRUCTURE ASSETS UNDER MODIFIED APPROACH (Continued)

All roads with 60% to 80% of condition level are scheduled for upgrade or reconstruction with the next 2 year period.

For the year ended September 30, 2004, annual maintenance and preservation costs of \$4,620,767 were less than the estimated amount needed of \$5,336,680. This variance is due to the unforeseen delays in the acquisition of right of way, road preparation and weather delays.

Bridges

The condition of the County's bridges is determined using the State of Texas Bridge Inventory Inspection System (BRINSAP). The bridges are inspected by the State every two years. A numerical condition range 0.0 (beyond repair) to 9.0 (excellent condition) is used to assess each of seven elements of the structure. These include deck, superstructure, substructure, channel, culvert, approaches and miscellaneous items. The BRINSAP summary shows 58 bridges in the County were rated. The chart below shows that the County's bridges are well maintained and in good or very good condition and this is consistent with the County policy.

Total Bridges : 58

	<u>Rating</u>	<u>Number</u>	<u>%</u>
Very Good	6.0 - 9.0	54	93%
Good	4.0 - 5.9	4	7%
Fair	3.0 - 3.9	0	0%
Poor	0.0 - 2.9	0	0%
	Total	58	100%

NONMAJOR GOVERNMENTAL FUNDS

BRAZOS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
September 30, 2004

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,792,584	\$ 1,120,842	\$ 2,913,426
Receivables:			
Interest	3,580	1,030	4,610
Accounts	641	-	641
State	427,449	-	427,449
Due From Other Funds	15,882	-	15,882
TOTAL ASSETS	<u>2,240,136</u>	<u>1,121,872</u>	<u>3,362,008</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	252,902	180,466	433,368
Accrued Salary and Compensated Leave	45,868	-	45,868
Unclaimed Funds	173,779	-	173,779
Due to Other Funds	19,165	-	19,165
Deferred Revenues	50,144	-	50,144
Total Liabilities	<u>541,858</u>	<u>180,466</u>	<u>722,324</u>
Fund Balances			
Reserved			
For Special Purpose Programs	1,698,278	-	1,698,278
Unreserved			
Designated for Capital Improvements	-	941,406	941,406
Total Fund Balances	<u>1,698,278</u>	<u>941,406</u>	<u>2,639,684</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,240,136</u>	<u>\$ 1,121,872</u>	<u>\$ 3,362,008</u>

BRAZOS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
For The Year Ended September 30, 2004

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Charges for Service	\$ 560,694	\$ -	\$ 560,694
Intergovernmental	2,310,449	-	2,310,449
Interest	26,932	17,264	44,196
Other	52,871	-	52,871
TOTAL REVENUES	2,950,946	17,264	2,968,210
EXPENDITURES			
General Government	30,801	70,397	101,198
Justice System	212,963	-	212,963
Law Enforcement	1,298,349	-	1,298,349
Juvenile Services	716,725	-	716,725
Public Transportation	257,825	-	257,825
Human Services	168,124	-	168,124
Capital Outlay	211,902	1,395,211	1,607,113
TOTAL EXPENDITURES	2,896,689	1,465,608	4,362,297
Excess (Deficiency) of Revenues Over (Under) Expenditures	54,257	(1,448,344)	(1,394,087)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	285,186	-	285,186
Operating Transfers Out	(51,872)	(44,652)	(96,524)
TOTAL OTHER FINANCING SOURCES	233,314	(44,652)	188,662
Net Change in Fund Balances	287,571	(1,492,996)	(1,205,425)
FUND BALANCES, OCTOBER 1	1,410,707	2,434,402	3,845,109
FUND BALANCES, SEPTEMBER 30	\$ 1,698,278	\$ 941,406	\$ 2,639,684

SPECIAL REVENUE FUNDS

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to be expended for specified purposes.

State Lateral Road Fund - A fund established to account for the funds received from the State for maintenance of County roads that join State highways.

Unclaimed Property Fund – A fund established to account for property with a value of \$100 or less that is presumed to be abandoned under the laws of the State of Texas. Expenditures of this fund are limited to the costs associated with publishing and posting of notices to the owners.

Law Library Fund - A fund established to account for fees (assessed and collected by various County Courts) that are used to maintain the County Law Library that is available to the public.

Appellate Judicial Fund - A fund established to account for the \$5.00 fee assessed by County Courts in civil cases used to support the County's participation in its appellate districts.

Alternative Dispute Resolution Fund - A fund created to account for the \$10.00 fee assessed with each County and District Court civil case filed, used to support the Alternative Dispute Resolution Center. The purpose of the Center is to resolve disputes that do not require formal court action.

Law Enforcement Education Fund - A fund created to account for funding received by the County from the State. The funds received are used to supplement the continuing education and training needs of those employees licensed under Chapter 415 of the Government Code, primarily law enforcement personnel.

County Records Management and Preservation Fund - A fund established to account for fees assessed and collected by the County and District Courts for the expressed purpose of records management and preservation.

County Clerk Records Management and Preservation Fund - A fund established to account for fees assessed for recording of documents in the County Clerk's office. Filings for real estate transactions, criminal, probate, assumed names and civil court actions are included. Monies are used for records management and preservation services performed by the County Clerk's office.

Time Payment Fund – A fund established to account for fees assessed and collected by the District, County and Justice Courts for cases in which the defendant has opted to pay the ordered amounts in installments. These funds can be used to improve the efficiency of the administration of justice.

Courthouse Security Fund - A fund created to account for the collection of fees charged as part of court costs to provide security services for buildings that house a District or County Court.

SPECIAL REVENUE FUNDS (continued)

District Clerk Records Management and Preservation Fund - A fund established to account for fees assessed for recording of documents in the District Clerk's office. Monies are used for records management and preservation services performed by the District Clerk's office.

J. P. Technology Fund – A fund created to account for the collection of fees charged as part of court costs to fund the technological needs of the Justices' of the Peace.

Special Forfeitures Fund - A fund established to account for forfeited property receipts as prescribed by Article 59 of the Code of Criminal Procedure. These funds can only be used to support law enforcement activities.

District Attorney Hot Check Collection Fund – A fund established to account for fees collected by the District Attorney for the administration, processing and prosecution of returned checks.

Bail Bond Board Fees Fund – A fund established to account for funds received for licensing and expenditures related to monitoring the bond activities of the local bail bondsmen.

Voter Registration Fund - A fund established to account for funds received from the State (before 1991), which represents a fee earned for each voter registered. Funds received can only be used for voter registration activity, and are governed by the Tax Assessor-Collector, the designated Voter Registrar for the County.

Vehicle Inventory Tax Interest Fund - A fund established to account for the interest earned on the Vehicle Inventory Tax collected monthly by the Tax Assessor-Collector. The Tax Assessor-Collector is allowed to collect the tax from vehicle dealers before the October 1 assessment date. The interest earned on the funds held by the Tax Assessor-Collector can only be used to support the Vehicle Inventory Tax collections and payments.

Sheriff Department Crime Fund – A fund established to account for funds received from the City of Bryan, the City of College Station, and Brazos County in support of the Narcotics Trafficking Task Force grant administered by the Sheriff.

District Attorney Crime Fund – A fund established to account for funds received from the City of Bryan, the City of College Station, and Brazos County in accordance with an inter-local agreement for the litigation of seizures incurred in law enforcement activities.

Grants Fund – A fund established to account for the revenues and expenditures related to grant activities.

BRAZOS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
September 30, 2004

	State Lateral Road	Unclaimed Property	Law Library	Appellate Judicial	Alternative Dispute Resolution	Law Enforcement Education	County Records Management and Preservation	County Clerk Records Management and Preservation	Time Payment Fee	Courthouse Security
ASSETS										
Cash and Cash Equivalents	\$ 32,950	\$ 174,463	\$ 271,565	\$ 19,234	\$ 2,050	\$ 12,127	\$ 178,411	\$ 325,695	\$ 29,628	\$ 207,059
Receivables:										
Interest	57	303	471	33	-	-	310	565	52	359
Accounts	-	-	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-	-	-	-
Due From Other Funds	-	15,865	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>33,007</u>	<u>190,631</u>	<u>272,036</u>	<u>19,267</u>	<u>2,050</u>	<u>12,127</u>	<u>178,721</u>	<u>326,260</u>	<u>29,680</u>	<u>207,418</u>
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts Payable	-	-	581	-	2,050	357	625	4,000	-	-
Accrued Salary and Compensated Leave	-	-	-	-	-	-	-	764	-	2,013
Unclaimed Funds	-	171,189	-	-	-	-	-	-	-	-
Due to Other Funds	-	464	-	-	-	-	-	-	-	-
Deferred Revenues	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>171,653</u>	<u>581</u>	<u>-</u>	<u>2,050</u>	<u>357</u>	<u>625</u>	<u>4,764</u>	<u>-</u>	<u>2,013</u>
Fund Balances										
Reserved										
For Special Purpose Programs	<u>33,007</u>	<u>18,978</u>	<u>271,455</u>	<u>19,267</u>	<u>-</u>	<u>11,770</u>	<u>178,096</u>	<u>321,496</u>	<u>29,680</u>	<u>205,405</u>
Total Fund Balances	<u>33,007</u>	<u>18,978</u>	<u>271,455</u>	<u>19,267</u>	<u>-</u>	<u>11,770</u>	<u>178,096</u>	<u>321,496</u>	<u>29,680</u>	<u>205,405</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 33,007</u>	<u>\$ 190,631</u>	<u>\$ 272,036</u>	<u>\$ 19,267</u>	<u>\$ 2,050</u>	<u>\$ 12,127</u>	<u>\$ 178,721</u>	<u>\$ 326,260</u>	<u>\$ 29,680</u>	<u>\$ 207,418</u>

(continued)

BRAZOS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
September 30, 2004

	District Clerk Records Management and Preservation	J. P. Technology	Special Forfeitures	District Attorney Hot Check Collection	Bail Bond Board Fees	Voter Registration	Vehicle Inventory Tax Interest	Sheriff Department Crime Fund	District Attorney Crime Fund	Grants	Totals
ASSETS											
Cash and Cash Equivalents	\$ 9,554	\$ 52,220	\$ 1,310	\$ 5,860	\$ 60,782	\$ 27,599	\$ 66,190	\$ 286,071	\$ 29,816	\$ -	\$ 1,792,584
Receivables:											
Interest	17	91	2	10	105	48	618	339	27	173	3,580
Accounts	-	-	-	140	-	-	-	-	-	501	641
State	-	-	-	-	-	-	-	-	-	427,449	427,449
Due From Other Funds	-	-	-	-	-	-	-	-	17	-	15,882
TOTAL ASSETS	<u>9,571</u>	<u>52,311</u>	<u>1,312</u>	<u>6,010</u>	<u>60,887</u>	<u>27,647</u>	<u>66,808</u>	<u>286,410</u>	<u>29,860</u>	<u>428,123</u>	<u>2,240,136</u>
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts Payable	-	-	-	-	9	-	-	-	-	245,280	252,902
Accrued Salary and Compensated Leave	-	996	-	-	6	-	199	-	63	41,827	45,868
Unclaimed Funds	-	-	-	-	-	-	-	2,590	-	-	173,779
Due to Other Funds	-	-	-	-	-	-	-	-	179	18,522	19,165
Deferred Revenues	-	-	-	-	-	-	-	-	-	50,144	50,144
Total Liabilities	<u>-</u>	<u>996</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>199</u>	<u>2,590</u>	<u>242</u>	<u>355,773</u>	<u>541,858</u>
Fund Balances											
Reserved											
For Special Purpose Programs	<u>9,571</u>	<u>51,315</u>	<u>1,312</u>	<u>6,010</u>	<u>60,872</u>	<u>27,647</u>	<u>66,609</u>	<u>283,820</u>	<u>29,618</u>	<u>72,350</u>	<u>1,698,278</u>
Total Fund Balances	<u>9,571</u>	<u>51,315</u>	<u>1,312</u>	<u>6,010</u>	<u>60,872</u>	<u>27,647</u>	<u>66,609</u>	<u>283,820</u>	<u>29,618</u>	<u>72,350</u>	<u>1,698,278</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,571</u>	<u>\$ 52,311</u>	<u>\$ 1,312</u>	<u>\$ 6,010</u>	<u>\$ 60,887</u>	<u>\$ 27,647</u>	<u>\$ 66,808</u>	<u>\$ 286,410</u>	<u>\$ 29,860</u>	<u>\$ 428,123</u>	<u>\$ 2,240,136</u>

BRAZOS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For The Year Ended September 30, 2004

	State Lateral Road	Unclaimed Property	Law Library	Appellate Judicial	Alternative Dispute Resolution	Law Enforcement Education	County Records Management and Preservation	County Clerk Records Management and Preservation	Time Payment Fee	Courthouse Security
REVENUES										
Charges for Service	\$ -	\$ -	\$ 41,273	\$ 9,200	\$ 20,599	\$ -	\$ 55,259	\$ 207,366	\$ 3,436	\$ 90,681
Intergovernmental	28,493	-	-	-	-	17,594	-	-	-	-
Interest	467	2,401	3,413	408	-	-	2,200	3,738	398	3,183
Other	-	-	52,871	-	-	-	-	-	-	-
TOTAL REVENUES	28,960	2,401	97,557	9,608	20,599	17,594	57,459	211,104	3,834	93,864
EXPENDITURES										
General Government	-	-	-	-	-	-	12,102	-	-	-
Justice System	-	-	6,776	21,242	25,599	-	-	77,276	-	-
Law Enforcement	-	-	-	-	-	30,631	-	-	-	143,508
Juvenile Services	-	-	-	-	-	-	-	-	-	-
Public Transportation	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	6,776	21,242	25,599	30,631	12,102	77,276	-	143,508
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,960	2,401	90,781	(11,634)	(5,000)	(13,037)	45,357	133,828	3,834	(49,644)
OTHER FINANCING SOURCES (USES)										
Operating Transfers In	-	-	-	-	5,000	-	-	-	-	2,000
Operating Transfers Out	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-	5,000	-	-	-	-	2,000
Net Change in Fund Balances	28,960	2,401	90,781	(11,634)	-	(13,037)	45,357	133,828	3,834	(47,644)
FUND BALANCES, OCTOBER 1	4,047	16,577	180,674	30,901	-	24,807	132,739	187,668	25,846	253,049
FUND BALANCES, SEPTEMBER 30	\$ 33,007	\$ 18,978	\$ 271,455	\$ 19,267	\$ -	\$ 11,770	\$ 178,096	\$ 321,496	\$ 29,680	\$ 205,405

(continued)

BRAZOS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS -SPECIAL REVENUE FUNDS
For The Year Ended September 30, 2004

	District Clerk Records Management and Preservation	J. P. Technology	Special Forfeitures	District Attorney Hot Check Collection	Bail Bond Board Fees	Voter Registration	Vehicle Inventory Tax Interest	Sheriff Department Crime Fund	District Attorney Crime Fund	Grants	Totals
REVENUES											
Charges for Service	\$ 8,752	\$ 38,435	\$ 600	\$ 930	\$ 2,000	\$ -	\$ 3,949	\$ 50,484	\$ 27,730	\$ -	\$ 560,694
Intergovernmental	-	-	-	-	-	-	-	-	-	2,264,362	2,310,449
Interest	78	501	19	19	872	411	3,733	3,043	132	1,916	26,932
Other	-	-	-	-	-	-	-	-	-	-	52,871
TOTAL REVENUES	8,830	38,936	619	949	2,872	411	7,682	53,527	27,862	2,266,278	2,950,946
EXPENDITURES											
General Government	-	-	-	-	3,745	2,405	12,549	-	-	-	30,801
Justice System	-	996	-	-	-	-	-	-	14,035	67,039	212,963
Law Enforcement	-	-	600	-	-	-	-	(5,003)	-	1,128,613	1,298,349
Juvenile Services	-	-	-	-	-	-	-	-	-	716,725	716,725
Public Transportation	-	-	-	-	-	-	-	-	-	257,825	257,825
Human Services	-	-	-	-	-	-	-	-	-	168,124	168,124
Capital Outlay	-	-	-	-	-	-	-	-	-	211,902	211,902
TOTAL EXPENDITURES	-	996	600	-	3,745	2,405	12,549	(5,003)	14,035	2,550,228	2,896,689
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,830</u>	<u>37,940</u>	<u>19</u>	<u>949</u>	<u>(873)</u>	<u>(1,994)</u>	<u>(4,867)</u>	<u>58,530</u>	<u>13,827</u>	<u>(283,950)</u>	<u>54,257</u>
OTHER FINANCING SOURCES (USES)											
Operating Transfers In	-	-	-	-	-	-	-	-	-	278,186	285,186
Operating Transfers Out	-	-	-	-	-	-	-	(51,872)	-	-	(51,872)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	(51,872)	-	278,186	233,314
Net Change in Fund Balances	8,830	37,940	19	949	(873)	(1,994)	(4,867)	6,658	13,827	(5,764)	287,571
FUND BALANCES, OCTOBER 1	<u>741</u>	<u>13,375</u>	<u>1,293</u>	<u>5,061</u>	<u>61,745</u>	<u>29,641</u>	<u>71,476</u>	<u>277,162</u>	<u>15,791</u>	<u>78,114</u>	<u>1,410,707</u>
FUND BALANCES, SEPTEMBER 30	<u>\$ 9,571</u>	<u>\$ 51,315</u>	<u>\$ 1,312</u>	<u>\$ 6,010</u>	<u>\$ 60,872</u>	<u>\$ 27,647</u>	<u>\$ 66,609</u>	<u>\$ 283,820</u>	<u>\$ 29,618</u>	<u>\$ 72,350</u>	<u>\$ 1,698,278</u>

BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
STATE LATERAL ROAD
For the Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Intergovernmental	\$ 24,000	\$ 28,000	\$ 28,493
Interest	1,000	500	467
TOTAL REVENUES	<u>25,000</u>	<u>28,500</u>	<u>28,960</u>
EXPENDITURES			
Public Transportation			
Repairs and Maintenance	<u>111,000</u>	<u>32,500</u>	<u>-</u>
TOTAL EXPENDITURES	<u>111,000</u>	<u>32,500</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,000)	(4,000)	28,960
FUND BALANCE, OCTOBER 1	<u>4,047</u>	<u>4,047</u>	<u>4,047</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ (81,953)</u>	<u>\$ 47</u>	<u>\$ 33,007</u>

BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
UNCLAIMED PROPERTY
For the Year Ended September 30, 2004

	Original and Final Budget	Actual
REVENUES		
Interest	\$ 2,000	\$ 2,401
TOTAL REVENUES	<u>2,000</u>	<u>2,401</u>
EXPENDITURES		
General Government		
Supplies and Other Charges	18,000	-
TOTAL EXPENDITURES	<u>18,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,000)	2,401
FUND BALANCE, OCTOBER 1	<u>16,577</u>	<u>16,577</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 577</u>	<u>\$ 18,978</u>

SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
LAW LIBRARY
For the Year Ended September 30, 2004

	Original and Final Budget	Actual
REVENUES		
Charges for Service	\$ 35,000	\$ 41,273
Interest	1,500	3,413
Other	-	52,871
TOTAL REVENUES	36,500	97,557
EXPENDITURES		
Justice System		
Personnel Services	15,000	-
Supplies and Other Charges	115,000	6,776
Minor Acquisitions	10,000	-
Capital Outlay	26,500	-
TOTAL EXPENDITURES	166,500	6,776
Excess (Deficiency) of Revenues Over (Under) Expenditures	(130,000)	90,781
FUND BALANCE, OCTOBER 1	180,674	180,674
FUND BALANCE, SEPTEMBER 30	\$ 50,674	\$ 271,455

BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
APPELLATE JUDICIAL
For the Year Ended September 30, 2004

	Original and Final Budget	Actual
REVENUES		
Charges for Service	\$ 8,400	\$ 9,200
Interest	100	408
TOTAL REVENUES	8,500	9,608
EXPENDITURES		
Justice System		
Supplies and Other Charges	30,000	21,242
TOTAL EXPENDITURES	30,000	21,242
Deficiency of Revenues Under Expenditures	(21,500)	(11,634)
FUND BALANCE, OCTOBER 1	30,901	30,901
FUND BALANCE, SEPTEMBER 30	\$ 9,401	\$ 19,267

BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
ALTERNATIVE DISPUTE RESOLUTION
For the Year Ended September 30, 2004

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Charges for Service	\$ 19,500	\$ 20,600	\$ 20,599
TOTAL REVENUES	<u>19,500</u>	<u>20,600</u>	<u>20,599</u>
EXPENDITURES			
Justice System			
Contractual Services	<u>24,500</u>	<u>25,600</u>	<u>25,599</u>
TOTAL EXPENDITURES	<u>24,500</u>	<u>25,600</u>	<u>25,599</u>
Deficiency of Revenues Under Expenditures	(5,000)	(5,000)	(5,000)
OTHER FINANCING SOURCES			
Transfers In	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
TOTAL OTHER FINANCING SOURCES	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Net Change in Fund Balance	-	-	-
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
LAW ENFORCEMENT EDUCATION
For the Year Ended September 30, 2004**

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Intergovernmental	\$ 18,000	\$ 17,594	\$ 17,594
TOTAL REVENUES	<u>18,000</u>	<u>17,594</u>	<u>17,594</u>
EXPENDITURES			
Law Enforcement			
Supplies and Other Charges	38,000	42,989	30,631
TOTAL EXPENDITURES	<u>38,000</u>	<u>42,989</u>	<u>30,631</u>
Deficiency of Revenues Under Expenditures	(20,000)	(25,395)	(13,037)
FUND BALANCE, OCTOBER 1	<u>24,807</u>	<u>24,807</u>	<u>24,807</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 4,807</u>	<u>\$ (588)</u>	<u>\$ 11,770</u>

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
COUNTY RECORDS MANAGEMENT AND PRESERVATION
For the Year Ended September 30, 2004**

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Charges for Service	\$ 50,000	\$ 50,000	\$ 55,259
Interest	2,500	2,500	2,200
TOTAL REVENUES	52,500	52,500	57,459
EXPENDITURES			
General Government			
Supplies and Other Charges	15,000	15,000	1,690
Contract Services	10,000	10,000	412
Professional Services	70,000	70,000	10,000
TOTAL EXPENDITURES	95,000	95,000	12,102
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,500)	(42,500)	45,357
FUND BALANCE, OCTOBER 1	132,739	132,739	132,739
FUND BALANCE, SEPTEMBER 30	\$ 90,239	\$ 90,239	\$ 178,096

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
COUNTY CLERK RECORDS MANAGEMENT AND PRESERVATION
For the Year Ended September 30, 2004**

	Original and Final Budget	Actual
REVENUES		
Charges for Service	\$ 75,000	\$ 207,366
Interest	1,500	3,738
TOTAL REVENUES	76,500	211,104
EXPENDITURES		
Justice System		
Personnel Services	53,150	49,882
Supplies and Other Charges	13,300	2,197
Repairs and Maintenance	1,500	-
Minor Equipment	12,200	-
Contract Services	75,000	25,197
TOTAL EXPENDITURES	155,150	77,276
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,650)	133,828
FUND BALANCE, OCTOBER 1	187,668	187,668
FUND BALANCE, SEPTEMBER 30	\$ 109,018	\$ 321,496

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
TIME PAYMENT FEE
For the Year Ended September 30, 2004**

	Original and Final Budget	Actual
REVENUES		
Charges for Service	\$ 2,210	\$ 3,436
Interest	190	398
TOTAL REVENUES	<u>2,400</u>	<u>3,834</u>
EXPENDITURES		
Justice System		
Supplies and Other Charges	27,400	-
TOTAL EXPENDITURES	<u>27,400</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	3,834
FUND BALANCE, OCTOBER 1	<u>25,846</u>	<u>25,846</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 846</u>	<u>\$ 29,680</u>

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
COURTHOUSE SECURITY
For the Year Ended September 30, 2004**

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Charges for Service	\$ 85,000	\$ 85,000	\$ 90,681
Interest	3,900	3,900	3,183
TOTAL REVENUES	88,900	88,900	93,864
EXPENDITURES			
Law Enforcement			
Personnel Services	131,070	133,070	133,435
Supplies and Other Charges	5,120	3,042	969
Repairs and Maintenance	6,850	8,928	8,928
Minor Equipment	1,100	1,100	176
TOTAL EXPENDITURES	144,140	146,140	143,508
Deficiency of Revenues Under Expenditures	(55,240)	(57,240)	(49,644)
OTHER FINANCING SOURCES			
Transfers In	-	2,000	2,000
TOTAL OTHER FINANCING SOURCES	-	2,000	2,000
Net Change in Fund Balance	(55,240)	(55,240)	(47,644)
FUND BALANCE, OCTOBER 1	253,049	253,049	253,049
FUND BALANCE, SEPTEMBER 30	\$ 197,809	\$ 197,809	\$ 205,405

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
DISTRICT CLERK RECORDS MANAGEMENT AND PRESERVATION
For the Year Ended September 30, 2004**

	Original and Final Budget	Actual
REVENUES		
Charges for Service	\$ 20,000	\$ 8,752
Interest	-	78
TOTAL REVENUES	<u>20,000</u>	<u>8,830</u>
EXPENDITURES		
Justice System		-
Personnel Services	20,000	-
TOTAL EXPENDITURES	<u>20,000</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	8,830
FUND BALANCE, OCTOBER 1	<u>741</u>	<u>741</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 741</u></u>	<u><u>\$ 9,571</u></u>

BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
J. P. TECHNOLOGY
For the Year Ended September 30, 2004

	Original and Final Budget	Actual
REVENUES		
Charges for Service	\$ 12,000	\$ 38,435
Interest	100	501
TOTAL REVENUES	<u>12,100</u>	<u>38,936</u>
EXPENDITURES		
Justice System		
Minor Acquisitions	22,100	996
TOTAL EXPENDITURES	<u>22,100</u>	<u>996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	37,940
FUND BALANCE, OCTOBER 1	<u>13,375</u>	<u>13,375</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 3,375</u>	<u>\$ 51,315</u>

BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL FORFEITURES
For the Year Ended September 30, 2004

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Charges for Service	\$ 100	\$ 700	\$ 600
Interest	30	30	19
TOTAL REVENUES	130	730	619
EXPENDITURES			
Law Enforcement			
Supplies and Other Charges	1,000	1,000	-
Minor Acquisitions	1,300	1,900	600
TOTAL EXPENDITURES	2,300	2,900	600
Excess (Deficiency) of Revenues (Under) Expenditures	(2,170)	(2,170)	19
FUND BALANCE, OCTOBER 1	1,293	1,293	1,293
FUND BALANCE, SEPTEMBER 30	\$ (877)	\$ (877)	\$ 1,312

BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
DISTRICT ATTORNEY HOT CHECK COLLECTION
For the Year Ended September 30, 2004

	Original and Final Budget	Actual
REVENUES		
Charges for Services	\$ -	\$ 930
Interest		19
TOTAL REVENUES	<u>-</u>	<u>949</u>
EXPENDITURES		
Justice System		
Personnel Services	500	-
Supplies and Other Charges	3,000	-
Minor Acquisitions	1,000	-
Professional Services	-	-
TOTAL EXPENDITURES	<u>4,500</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,500)	949
FUND BALANCE, OCTOBER 1	<u>5,061</u>	<u>5,061</u> *
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 561</u></u>	<u><u>\$ 6,010</u></u>

* This fund balance was presented with the District Crime Fund balance in FY 2002-2003.

BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
BAIL BOND BOARD FEES
For the Year Ended September 30, 2004

	Original and Final Budget	Actual
REVENUES		
Charges for Services	\$ 1,500	\$ 2,000
Interest	700	872
TOTAL REVENUES	<u>2,200</u>	<u>2,872</u>
EXPENDITURES		
General Government		
Personnel Services	5,290	3,502
Supplies and Other Charges	1,700	243
TOTAL EXPENDITURES	<u>6,990</u>	<u>3,745</u>
Deficiency of Revenues Under Expenditures	(4,790)	(873)
FUND BALANCE, OCTOBER 1	<u>61,745</u>	<u>61,745</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 56,955</u>	<u>\$ 60,872</u>

BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
VOTER REGISTRATION
For the Year Ended September 30, 2004

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Interest	\$ 500	\$ 500	\$ 411
TOTAL REVENUES	<u>500</u>	<u>500</u>	<u>411</u>
EXPENDITURES			
General Government			
Personnel Services	-	1,080	590
Contract Services	3,500	2,420	-
Supplies and Other Charges	8,500	8,500	1,815
Capital Outlay	17,000	17,000	-
TOTAL EXPENDITURES	<u>29,000</u>	<u>29,000</u>	<u>2,405</u>
Deficiency of Revenues Under Expenditures	(28,500)	(28,500)	(1,994)
FUND BALANCE, OCTOBER 1	<u>29,641</u>	<u>29,641</u>	<u>29,641</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 1,141</u>	<u>\$ 1,141</u>	<u>\$ 27,647</u>

BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
VEHICLE INVENTORY TAX INTEREST
For the Year Ended September 30, 2004

	Original and Final Budget	Actual
REVENUES		
Charges for Services	\$ 5,000	\$ 3,949
Interest	5,000	3,733
TOTAL REVENUES	<u>10,000</u>	<u>7,682</u>
EXPENDITURES		
General Government		
Personnel Services	13,695	12,389
Supplies and Other Charges	11,500	160
Professional Services	2,000	-
TOTAL EXPENDITURES	<u>27,195</u>	<u>12,549</u>
Deficiency of Revenues Under Expenditures	(17,195)	(4,867)
FUND BALANCE, OCTOBER 1	<u>71,476</u>	<u>71,476</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 54,281</u>	<u>\$ 66,609</u>

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
SHERIFF DEPARTMENT CRIME FUND
For the Year Ended September 30, 2004**

	Original and Final Budget	Actual
REVENUES		
Charges for Services	\$ 50,000	\$ 50,484
Interest	3,000	3,043
TOTAL REVENUES	<u>53,000</u>	<u>53,527</u>
EXPENDITURES		
Law Enforcement		
Supplies and Other Charges	34,800	(5,003)
Repairs and Maintenance	16,400	-
Minor Acquisitions	19,600	-
TOTAL EXPENDITURES	<u>70,800</u>	<u>(5,003)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,800)	58,530
OTHER FINANCING USES		
Transfers Out	<u>(100,000)</u>	<u>(51,872)</u>
TOTAL OTHER FINANCING USES	<u>(100,000)</u>	<u>(51,872)</u>
Net Change in Fund Balance	(117,800)	6,658
FUND BALANCE, OCTOBER 1	<u>277,162</u>	<u>277,162</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 159,362</u></u>	<u><u>\$ 283,820</u></u>

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL*
DISTRICT ATTORNEY CRIME FUND
For the Year Ended September 30, 2004**

	<u>Actual</u>
REVENUES	
Charges for Service	\$ 27,730
Interest	132
TOTAL REVENUES	<u>27,862</u>
EXPENDITURES	
Justice System	
Personnel Services	6,272
Supplies and Other Charges	6,632
Minor Acquisitions	1,131
TOTAL EXPENDITURES	<u>14,035</u>
Excess of Revenues Over Expenditures	13,827
FUND BALANCE, OCTOBER 1	<u>15,791</u> **
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 29,618</u></u>

* A budget was not legally adopted for this fund.

** \$5,061 of the prior year fund balance is presented in the District Attorney Hot Check Collection fund for the current year.

**BRAZOS COUNTY, TEXAS
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GRANTS
For the Year Ended September 30, 2004**

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Intergovernmental - Federal			
Department of Justice	\$ 57,000	\$ 43,745	\$ 80,229
Department of Transportation	276,728	311,136	271,756
U. S. Federal Transit Administration	-	30,000	28,129
U. S. Department of Human Services	-	240,170	123,804
Narcotics Task Force	649,991	649,991	692,640
Total Intergovernmental - Federal	<u>983,719</u>	<u>1,275,042</u>	<u>1,196,558</u>
Intergovernmental - State			
Texas Juvenile Probation Commission	501,734	600,414	601,014
Texas Office of the Attorney General	-	50,873	50,873
Texas Engineering Extension Service	-	117,204	129,669
Total Intergovernmental - State	<u>501,734</u>	<u>768,491</u>	<u>781,556</u>
Intergovernmental - Other			
Matching Funds	216,667	322,943	245,960
Primary Election Services	-	57,064	40,288
Total Intergovernmental - Other	<u>216,667</u>	<u>380,007</u>	<u>286,248</u>
Interest	<u>1,200</u>	<u>1,200</u>	<u>1,916</u>
TOTAL REVENUES	<u>1,703,320</u>	<u>2,424,740</u>	<u>2,266,278</u>
EXPENDITURES			
Justice System	71,083	71,083	67,039
Law Enforcement	866,658	991,807	1,128,613
Juvenile Services	678,313	764,989	716,725
Public Transportation	276,524	340,932	257,825
Human Services	-	446,438	168,124
Capital Outlay	51,700	51,700	211,902
TOTAL EXPENDITURES	<u>1,944,278</u>	<u>2,666,949</u>	<u>2,550,228</u>
Deficiency of Revenues Under Expenditures	(240,958)	(242,209)	(283,950)
OTHER FINANCING SOURCES			
Transfers In	148,558	149,809	278,186
TOTAL OTHER FINANCING SOURCES	<u>148,558</u>	<u>149,809</u>	<u>278,186</u>
Net Change in Fund Balance	(92,400)	(92,400)	(5,764)
FUND BALANCE, OCTOBER 1	<u>78,114</u>	<u>78,114</u>	<u>78,114</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ (14,286)</u>	<u>\$ (14,286)</u>	<u>\$ 72,350</u>

DEBT SERVICE FUND

The **Debt Service Fund** is used to account for the accumulation of resources for the payment of general long-term debt principal and interest related to general obligation bonds and certificates of obligation.

BRAZOS COUNTY, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Taxes	\$ 2,942,000	\$ 2,965,000	\$ 3,199,690
Interest	35,000	30,000	67,363
TOTAL REVENUES	<u>2,977,000</u>	<u>2,995,000</u>	<u>3,267,053</u>
EXPENDITURES			
Debt Service:			
Principal	1,710,000	1,860,451	1,860,000
Interest	1,648,641	1,517,641	1,594,431
Agent Fees	80,000	78,549	1,757
TOTAL EXPENDITURES	<u>3,438,641</u>	<u>3,456,641</u>	<u>3,456,188</u>
Deficiency of Revenues Under Expenditures	(461,641)	(461,641)	(189,135)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	200,000	200,000	200,000
Operating Transfers Out	(16,000,000)	(6,000,000)	-
Proceeds from General Obligation Bonds	6,000,000	6,000,000	-
Proceeds from Certificates of Obligation	10,000,000	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Net Change in Fund Balances	(261,641)	(261,641)	10,865
FUND BALANCE, OCTOBER 1	<u>1,612,877</u>	<u>1,612,877</u>	<u>1,612,877</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 1,351,236</u></u>	<u><u>\$ 1,351,236</u></u>	<u><u>\$ 1,623,742</u></u>

CAPITAL PROJECT FUNDS

NON MAJOR GOVERNMENTAL FUNDS

Capital Project Funds are used to account for the use of certificate of obligation proceeds and other financial resources that have been aggregated for the acquisition of major capital facilities and/or improvements of the County.

Certificates of Obligation 2002 - This fund is established to account for the expenditures of debt proceeds issued for the acquisition of an electronic voting system, network and computer upgrades and acquisition of vehicles and related equipment.

County Court at Law Courtroom Fund – This fund is established to account for the expenditures to renovate the storage area on the 2nd floor of the courthouse into a courtroom for County Court at Law Number Two. Resources for the fund have been provided by transfers from the General Fund.

Judicial Software Fund – This fund is established to account for the expenditures for acquisition and installation of the criminal justice software system. The expenditures are financed through the issuance of Certificates of Obligation and other financial resources.

Capital Improvement Fund - This fund is established to provide funding for the construction and acquisition of fixed assets to support the County's general governmental, judicial, law enforcement, and public transportation functions. Resources for the fund have been provided by transfers from the General Fund.

Road and Bridge Infrastructure – Certificates of Obligation 2002 - This fund is established to account for expenditures for new construction and upgrading of the County's road and bridge infrastructure, financed through the issuance of Certificates of Obligation and related financial resources.

MAJOR GOVERNMENTAL FUNDS

Exposition Center Fund – This fund is established to account for the expenditures for the purchase of land and the construction of the Brazos County Exposition Center.

Certificates of Obligation 2003 – This fund is established to account for the expenditures for the Sheriff's Administration building, to begin the design phase for a third jail expansion, to upgrade the mobile communication system used by the law enforcement and emergency response personnel, to perform various facility modifications, and to support various road and bridge capital improvement programs. The expenditures are financed through the issuance of \$10,000,000 in Certificates of Obligation.

Certificates of Obligation 2004 – This fund is established to account for the expenditures for the purchase of land for the Sheriff's Administration building, to acquire real estate for other county growth needs, to purchase land and construct a new Justice of the Peace building, and to support various road and bridge capital improvement programs. The expenditures are financed through the issuance of \$5,000,000 in Certificates of Obligation.

**BRAZOS COUNTY, TEXAS
COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS
September 30, 2004**

	Nonmajor Funds						Major Funds		
	Certificates of Obligation 2002	County Court at Law Courtroom	Judicial Software	Capital Improvement	Road and Bridge Infrastructure C.O.'s 2002	Total Nonmajor Funds	Exposition Center	Certificates of Obligation 2003	Certificates of Obligation 2004
ASSETS									
Cash and Cash Equivalents	\$ 11,298	\$ (15)	\$ 160,115	\$ 572,018	\$ 377,426	\$ 1,120,842	\$ 5,261,479	\$ 7,951,390	\$ 4,947,093
Receivables:									
Interest	82	15	278	-	655	1,030	5,660	5,118	17,479
TOTAL ASSETS	<u>11,380</u>	<u>-</u>	<u>160,393</u>	<u>572,018</u>	<u>378,081</u>	<u>1,121,872</u>	<u>5,267,139</u>	<u>7,956,508</u>	<u>4,964,572</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts Payable	11,380	-	81,193	79,649	8,244	180,466	880	88,603	-
Total Liabilities	<u>11,380</u>	<u>-</u>	<u>81,193</u>	<u>79,649</u>	<u>8,244</u>	<u>180,466</u>	<u>880</u>	<u>88,603</u>	<u>-</u>
Fund Balances									
Unreserved									
Designated for Capital Improvements	-	-	79,200	492,369	369,837	941,406	5,266,259	7,867,905	4,964,572
Total Fund Balances	<u>-</u>	<u>-</u>	<u>79,200</u>	<u>492,369</u>	<u>369,837</u>	<u>941,406</u>	<u>5,266,259</u>	<u>7,867,905</u>	<u>4,964,572</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,380</u>	<u>\$ -</u>	<u>\$ 160,393</u>	<u>\$ 572,018</u>	<u>\$ 378,081</u>	<u>\$ 1,121,872</u>	<u>\$ 5,267,139</u>	<u>\$ 7,956,508</u>	<u>\$ 4,964,572</u>

BRAZOS COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
For The Year Ended September 30, 2004

	Nonmajor Funds						Major Funds		
	Certificates of Obligation 2002	County Court at Law Courtroom	Judicial Software	Capital Improvement	Road and Bridge Infrastructure C.O.'s 2002	Total Nonmajor Funds	Exposition Center	Certificates of Obligation 2003	Certificates of Obligation 2004
REVENUES									
Interest	\$ 4,592	\$ 397	\$ 2,477	\$ -	\$ 9,798	\$ 17,264	\$ 75,049	\$ 100,442	\$ 5,469
TOTAL REVENUES	<u>4,592</u>	<u>397</u>	<u>2,477</u>	<u>-</u>	<u>9,798</u>	<u>17,264</u>	<u>75,049</u>	<u>100,442</u>	<u>5,469</u>
EXPENDITURES									
Minor Acquisitions	-	24,639	-	27,758	-	52,397	-	-	-
Contract Services	-	-	-	18,000	-	18,000	-	-	-
Capital Outlay	405,386	125,369	56,499	337,728	470,229	1,395,211	386,045	2,232,537	40,897
TOTAL EXPENDITURES	<u>405,386</u>	<u>150,008</u>	<u>56,499</u>	<u>383,486</u>	<u>470,229</u>	<u>1,465,608</u>	<u>386,045</u>	<u>2,232,537</u>	<u>40,897</u>
Deficiency of Revenues Under Expenditures	(400,794)	(149,611)	(54,022)	(383,486)	(460,431)	(1,448,344)	(310,996)	(2,132,095)	(35,428)
OTHER FINANCING SOURCES (USES)									
Transfers Out	(35,988)	(8,664)	-	-	-	(44,652)	-	-	-
Proceeds from Certificates of Obligation	-	-	-	-	-	-	-	10,000,000	5,000,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(35,988)</u>	<u>(8,664)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,652)</u>	<u>-</u>	<u>10,000,000</u>	<u>5,000,000</u>
Net Change in Fund Balances	(436,782)	(158,275)	(54,022)	(383,486)	(460,431)	(1,492,996)	(310,996)	7,867,905	4,964,572
FUND BALANCES, OCTOBER 1	<u>436,782</u>	<u>158,275</u>	<u>133,222</u>	<u>875,855</u>	<u>830,268</u>	<u>2,434,402</u>	<u>5,577,255</u>	<u>-</u>	<u>-</u>
FUND BALANCES, SEPTEMBER 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,200</u>	<u>\$ 492,369</u>	<u>\$ 369,837</u>	<u>\$ 941,406</u>	<u>\$ 5,266,259</u>	<u>\$ 7,867,905</u>	<u>\$ 4,964,572</u>

**BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
CERTIFICATES OF OBLIGATION 2002
For The Year Ended September 30, 2004**

	Original and Final Budget	Actual
REVENUES		
Interest	\$ 4,000	\$ 4,592
TOTAL REVENUES	<u>4,000</u>	<u>4,592</u>
EXPENDITURES		
Capital Outlay	<u>446,000</u>	<u>405,386</u>
TOTAL EXPENDITURES	<u>446,000</u>	<u>405,386</u>
Deficiency of Revenues Under Expenditures	(442,000)	(400,794)
OTHER FINANCING USES		
Transfers Out	-	(35,988)
TOTAL OTHER FINANCING USES	<u>-</u>	<u>(35,988)</u>
Net Change in Fund Balance	(442,000)	(436,782)
FUND BALANCE, OCTOBER 1	<u>436,782</u>	<u>436,782</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ (5,218)</u></u>	<u><u>\$ -</u></u>

BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
COUNTY COURT AT LAW COURTROOM FUND
For The Year Ended September 30, 2004

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Interest	\$ 100	\$ 100	\$ 397
TOTAL REVENUES	<u>100</u>	<u>100</u>	<u>397</u>
EXPENDITURES			
General Government			
Supplies and Other Charges	10,000	7,790	-
Minor Acquisitions	27,500	26,625	24,639
Capital Outlay	<u>57,600</u>	<u>125,737</u>	<u>125,369</u>
TOTAL EXPENDITURES	<u>95,100</u>	<u>160,152</u>	<u>150,008</u>
Deficiency of Revenues Under Expenditures	(95,000)	(160,052)	(149,611)
OTHER FINANCING USES			
Transfers Out	-	-	(8,664)
TOTAL OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>(8,664)</u>
Net Change in Fund Balance	(95,000)	(160,052)	(158,275)
FUND BALANCE, OCTOBER 1	<u>158,275</u>	<u>158,275</u>	<u>158,275</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 63,275</u>	<u>\$ (1,777)</u>	<u>\$ -</u>

**BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
JUDICIAL SOFTWARE FUND
For The Year Ended September 30, 2004**

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Interest	\$ 2,000	\$ 2,000	\$ 2,477
TOTAL REVENUES	<u>2,000</u>	<u>2,000</u>	<u>2,477</u>
EXPENDITURES			
Capital Outlay	<u>78,000</u>	<u>134,500</u>	<u>56,499</u>
TOTAL EXPENDITURES	<u>78,000</u>	<u>134,500</u>	<u>56,499</u>
Deficiency of Revenues Under Expenditures	(76,000)	(132,500)	(54,022)
OTHER FINANCING SOURCES			
Transfers In	-	56,500	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>56,500</u>	<u>-</u>
Net Change in Fund Balance	(76,000)	(76,000)	(54,022)
FUND BALANCE, OCTOBER 1	<u>133,222</u>	<u>133,222</u>	<u>133,222</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 57,222</u>	<u>\$ 57,222</u>	<u>\$ 79,200</u>

BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
CAPITAL IMPROVEMENT FUND
For The Year Ended September 30, 2004

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Interest	\$ 3,250	\$ 3,250	\$ -
TOTAL REVENUES	<u>3,250</u>	<u>3,250</u>	<u>-</u>
EXPENDITURES			
General Government			
Minor Acquisitions	-	3,500	27,758
Contract Services	-	-	18,000
Capital Outlay	<u>519,250</u>	<u>459,250</u>	<u>337,728</u>
TOTAL EXPENDITURES	<u>519,250</u>	<u>462,750</u>	<u>383,486</u>
Deficiency of Revenues Under Expenditures	(516,000)	(459,500)	(383,486)
OTHER FINANCING USES			
Transfers Out	-	(56,500)	-
TOTAL OTHER FINANCING USES	<u>-</u>	<u>(56,500)</u>	<u>-</u>
Net Change in Fund Balance	(516,000)	(516,000)	(383,486)
FUND BALANCE, OCTOBER 1	<u>875,855</u>	<u>875,855</u>	<u>875,855</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ 359,855</u></u>	<u><u>\$ 359,855</u></u>	<u><u>\$ 492,369</u></u>

**BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
ROAD AND BRIDGE INFRASTRUCTURE
CERTIFICATES OF OBLIGATION ISSUE 2002
For The Year Ended September 30, 2004**

	Original and Final Budget	Actual
REVENUES		
Interest	\$ 5,000	\$ 9,798
TOTAL REVENUES	<u>5,000</u>	<u>9,798</u>
EXPENDITURES		
Capital Outlay	<u>834,000</u>	<u>470,229</u>
TOTAL EXPENDITURES	<u>834,000</u>	<u>470,229</u>
Deficiency of Revenues Under Expenditures	(829,000)	(460,431)
FUND BALANCE, OCTOBER 1	<u>830,268</u>	<u>830,268</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 1,268</u>	<u>\$ 369,837</u>

BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
EXPOSITION CENTER FUND
For The Year Ended September 30, 2004

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Interest	\$ 30,000	\$ 30,000	\$ 75,049
TOTAL REVENUES	<u>30,000</u>	<u>30,000</u>	<u>75,049</u>
EXPENDITURES			
General Government			
Minor Acquisitions	-	4,450	-
Capital Outlay	<u>12,380,000</u>	<u>12,375,550</u>	<u>386,045</u>
TOTAL EXPENDITURES	<u>12,380,000</u>	<u>12,380,000</u>	<u>386,045</u>
Deficiency of Revenues Under Expenditures	(12,350,000)	(12,350,000)	(310,996)
OTHER FINANCING SOURCES			
Transfers In	<u>6,000,000</u>	<u>6,000,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>6,000,000</u>	<u>6,000,000</u>	<u>-</u>
Net Change in Fund Balance	(6,350,000)	(6,350,000)	(310,996)
FUND BALANCE, OCTOBER 1	<u>5,577,255</u>	<u>5,577,255</u>	<u>5,577,255</u>
FUND BALANCE, SEPTEMBER 30	<u><u>\$ (772,745)</u></u>	<u><u>\$ (772,745)</u></u>	<u><u>\$ 5,266,259</u></u>

BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
CERTIFICATE OF OBLIGATION ISSUE 2003
For The Year Ended September 30, 2004

	Original and Final Budget	Actual
REVENUES		
Interest	\$ 18,000	\$ 100,442
TOTAL REVENUES	<u>18,000</u>	<u>100,442</u>
EXPENDITURES		
Capital Outlay	<u>10,018,000</u>	<u>2,232,537</u>
TOTAL EXPENDITURES	<u>10,018,000</u>	<u>2,232,537</u>
Deficiency of Revenues Under Expenditures	(10,000,000)	(2,132,095)
OTHER FINANCING SOURCES		
Proceeds from Certificates of Obligation	<u>10,000,000</u>	<u>10,000,000</u>
TOTAL OTHER FINANCING SOURCES	<u>10,000,000</u>	<u>10,000,000</u>
Net Change in Fund Balance	-	7,867,905
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ -</u>	<u>\$ 7,867,905</u>

BRAZOS COUNTY, TEXAS
CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
CERTIFICATES OF OBLIGATION ISSUE 2004
For The Year Ended September 30, 2004

	Original and Final Budget	Actual
REVENUES		
Interest	\$ -	\$ 5,469
TOTAL REVENUES	<u>-</u>	<u>5,469</u>
EXPENDITURES		
General Government		
Repairs and Maintenance	400,000	-
Capital Outlay	<u>4,600,000</u>	<u>40,897</u>
TOTAL EXPENDITURES	<u>5,000,000</u>	<u>40,897</u>
Deficiency of Revenues Under Expenditures	(5,000,000)	(35,428)
OTHER FINANCING SOURCES		
Proceeds from Certificates of Obligation	5,000,000	5,000,000
TOTAL OTHER FINANCING SOURCES	<u>5,000,000</u>	<u>5,000,000</u>
Net Change in Fund Balance	-	4,964,572
FUND BALANCE, OCTOBER 1	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ -</u>	<u>\$ 4,964,572</u>

PROPRIETARY FUND TYPE

INTERNAL SERVICE FUND – is established to account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis.

**BRAZOS COUNTY, TEXAS
INTERNAL SERVICE FUND
HEALTH AND LIFE INSURANCE
STATEMENT OF NET ASSETS
September 30, 2004**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,135,696
Accounts Receivable	20,661
Due From Other Funds	370

TOTAL ASSETS

1,156,727

LIABILITIES

Current Liabilities

Accounts Payable	702,811
Deferred Revenue	141,295

TOTAL LIABILITIES

844,106

NET ASSETS

Unrestricted	312,621
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TOTAL NET ASSETS

\$ 312,621

**BRAZOS COUNTY, TEXAS
INTERNAL SERVICE FUND
HEALTH AND LIFE INSURANCE
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended September 30, 2004**

	Budgeted Amounts		Actual
	Original	Final	
OPERATING REVENUES			
Employee Dependents	\$ 580,000	\$ 805,400	\$ 842,030
Self Pays	641,100	235,600	247,564
Excess Risk Benefits	-	1,183,000	777,984
Participant Payments	165,000	216,400	221,489
Brazos County	3,377,800	3,630,200	3,774,487
Retirees	60,400	61,400	59,112
TOTAL OPERATING REVENUES	4,824,300	6,132,000	5,922,666
OPERATING EXPENSES			
Life Insurance	37,100	37,100	36,268
Stop Loss Premiums	406,800	711,300	740,825
Benefit Claims	4,417,300	5,317,600	5,039,073
Administrative Fees	171,100	274,000	259,096
TOTAL OPERATING EXPENSES	5,032,300	6,340,000	6,075,262
OPERATING LOSS	(208,000)	(208,000)	(152,596)
NONOPERATING REVENUES			
Interest	8,000	8,000	10,348
TOTAL NONOPERATING REVENUES	8,000	8,000	10,348
LOSS BEFORE OPERATING TRANSFER	(200,000)	(200,000)	(142,248)
Transfer From General Fund	200,000	200,000	200,000
CHANGE IN NET ASSETS	-	-	57,752
TOTAL NET ASSETS - BEGINNING	-	-	254,869
TOTAL NET ASSETS - ENDING	\$ -	\$ -	\$ 312,621

**BRAZOS COUNTY, TEXAS
INTERNAL SERVICE FUND
HEALTH AND LIFE INSURANCE
STATEMENT OF CASH FLOWS
For The Year Ended September 30, 2004**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,361,559
Receipts from interfund services provided	3,984,352
Receipts from reinsurance	1,331,608
Payments to contractors	(1,015,820)
Claims paid	(5,228,611)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>433,088</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer From General Fund	<u>200,000</u>
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>200,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>8,978</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>8,978</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	642,066
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>493,630</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u><u>\$ 1,135,696</u></u>

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (152,596)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Decrease in accounts receivable	535,249
Decrease in due from other funds	200,000
(Decrease) in accounts payable	(163,539)
Increase in deferred revenue	13,974
Total adjustments	<u>585,684</u>
Net cash used by operating activities	<u><u>\$ 433,088</u></u>

FIDUCIARY FUNDS

AGENCY FUNDS

Narcotics Seizure - A fund used to account for monies and materials that are seized during narcotics interdiction activities. The District Attorney's office evaluates each case and files a civil case to have the seized funds forfeited. Upon receipt of a court judgment, the seized funds are disbursed.

Payroll - A fund used to account for all payroll and related costs for the entire County. Funds are transferred in at the end of each payroll period. The fund is required to make distributions that include: payroll, federal taxes withheld, retirement, deferred compensation, group insurance premiums and other employee benefit deductions.

Flexible Benefit Cafeteria – A fund used to account for the payroll deductions and reimbursements to County employees for qualifying un-reimbursed medical expenses and childcare expenses as outlined in the Internal Revenue Code Section 125.

Brazos Center - A fund created to account for and maintain the room rental deposits at the County-maintained convention center. Deposits are refunded at the completion of the function.

Bail Bonds - A statutory fund created to account for and monitor the cash bail bonds collected by the District Clerk, County Clerk, and the Justices of the Peace in Brazos County. Once a case is disposed, the bond is either refunded or transferred to revenue in satisfaction of court ordered costs and fines.

District Clerk Trust - A statutory fund used to account for monies placed with the District Clerk by the District Court(s) and to be held until the Court(s) direct the distribution of the funds.

County Clerk Trust – A statutory fund used to account for monies placed with the County Clerk by the County Courts-at-Law and the Probate Court. These funds are to be held until the Court(s) directs distribution of the funds.

Juvenile Services - A fund used to account for restitution, court costs, fines, fees, and attorney fees that are collected from probationers and subsequently distributed to the victims of crime and the respective fee offices.

Tax Assessor-Collector - A fund used to account for tax revenues, license and permit fees collected for the County, State, and other governmental units within the County. These funds are subsequently reviewed and disbursed to the applicable governmental jurisdictions.

County Attorney - A fund used to account for the funds collected and distributed on behalf of the victims of returned checks.

Inmate Trust – A fund used to account for the funds received on behalf of inmates housed in the County Jail. Funds are returned to the inmate upon leaving the County Jail. Funds are used to support inmate purchases through the Commissary.

District Attorney Administration – A fund used to account for the collection and disbursement of restitution processed by the District Attorney's office.

Bail Bond Board Trust- A fund used to account for property and investments of bail bondsmen doing business in Brazos County. The property and investments act as collateral for bond contracts between the bondsmen and the County.

BRAZOS COUNTY, TEXAS
AGENCY FUNDS
COMBINING BALANCE SHEET
September 30, 2004

	<u>Narcotics Seizure</u>	<u>Payroll</u>	<u>Flexible Benefit Cafeteria</u>	<u>Brazos Center</u>	<u>Bail Bonds</u>	<u>District Clerk Trust</u>	<u>County Clerk Trust</u>	<u>Juvenile Services</u>	<u>Tax Assessor Collector</u>	<u>County Attorney</u>	<u>Inmate Trust</u>	<u>District Attorney Administration</u>	<u>Bail Bond Board Trust</u>	<u>Total</u>
ASSETS														
Cash and Cash Equivalents	\$ 95,631	\$ 693,855	\$ 10,000	\$ 53,897	\$ 654,218	\$ 3,216,240	\$ 1,924,074	\$ 21,204	\$ 2,254,830	\$ 31,290	\$ 14,424	\$ 106,377	\$ -	\$ 9,076,040
Investments	-	-	-	-	-	-	-	-	-	-	-	-	1,374,609	1,374,609
Prepaid Assets	-	67,488	-	-	-	-	-	-	-	-	-	-	-	67,488
Accounts Receivable	95	581	-	75	-	429	-	-	-	-	-	-	-	1,180
Due From Other Funds	-	96	-	-	-	-	-	-	-	-	464	-	-	560
TOTAL ASSETS	<u>95,726</u>	<u>762,020</u>	<u>10,000</u>	<u>53,972</u>	<u>654,218</u>	<u>3,216,669</u>	<u>1,924,074</u>	<u>21,204</u>	<u>2,254,830</u>	<u>31,290</u>	<u>14,888</u>	<u>106,377</u>	<u>1,374,609</u>	<u>10,519,877</u>
LIABILITIES														
Accounts Payable	-	672,413	-	-	-	429	-	-	2,238,965	361	-	-	-	2,912,168
Due to Other Funds	-	-	-	18,512	38,668	-	-	-	15,865	5,037	439	-	-	78,521
Funds Held in Trust	95,726	89,607	10,000	35,460	615,550	3,216,240	1,924,074	21,204	-	25,892	14,449	106,377	1,374,609	7,529,188
TOTAL LIABILITIES	<u>\$ 95,726</u>	<u>\$ 762,020</u>	<u>\$ 10,000</u>	<u>\$ 53,972</u>	<u>\$ 654,218</u>	<u>\$ 3,216,669</u>	<u>\$ 1,924,074</u>	<u>\$ 21,204</u>	<u>\$ 2,254,830</u>	<u>\$ 31,290</u>	<u>\$ 14,888</u>	<u>\$ 106,377</u>	<u>\$ 1,374,609</u>	<u>\$ 10,519,877</u>

CAPITAL ASSETS USED IN OPERATION OF
GOVERNMENTAL FUNDS

BRAZOS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY SOURCE
September 30, 2004

	<u>2004</u>	<u>2003</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 6,873,819	\$ 6,854,820
Buildings	26,727,593	26,396,161
Improvements	4,879,845	4,879,845
Machinery and Equipment	14,298,432	12,631,915
Infrastructure	35,299,117	34,544,705
Construction Work in Progress	3,669,767	2,715,788
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u><u>\$ 91,748,573</u></u>	<u><u>\$ 88,023,234</u></u>
 INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
General Fund	\$ 7,579,141	\$ 7,544,615
Special Revenue Funds	597,082	513,262
Capital Project Funds	83,514,264	79,907,271
Donations	58,086	58,086
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u><u>\$ 91,748,573</u></u>	<u><u>\$ 88,023,234</u></u>

BRAZOS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For The Year Ended September 30, 2004

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets 10/01/03	Additions	Retirements	Adjustments And Transfers	Governmental Funds Capital Assets 9/30/04
General Government					
County Judge	\$ 60,144	\$ -	\$ -	\$ -	\$ 60,144
Commissioners' Court	332,429	101,006	-	-	433,435
Community Support	87,500	-	-	-	87,500
County Treasurer	223,723	-	-	-	223,723
Risk Management	74,783	-	-	-	74,783
Tax Assessor-Collector	683,227	-	-	-	683,227
Information Technology	3,782,856	425,304	-	-	4,208,160
Personnel	120,285	-	-	-	120,285
County Auditor	367,673	-	-	-	367,673
Purchasing Administration	126,991	6,370	-	-	133,361
Building Maintenance	547,247	-	15,567	16,374	548,054
Total General Government	6,406,858	532,680	15,567	16,374	6,940,345
Justice System					
County Attorney	1,048,583	79,897	-	-	1,128,480
District Attorney	855,846	5,068	-	-	860,914
District Clerk	905,325	-	16,790	(10,791)	877,744
County Clerk	357,333	-	-	-	357,333
District Courts	473,071	15,398	-	-	488,469
County Courts At Law	453,010	129,628	-	-	582,638
Justices of the Peace (5)	204,064	-	-	-	204,064
Community Supervision	748,737	-	-	-	748,737
Court Master	60,144	-	-	-	60,144
Total Justice System	5,106,113	229,991	16,790	(10,791)	5,308,523
Law Enforcement					
Sheriff/Jail	14,700,382	839,070	90,394	-	15,449,058
Courthouse Security	183,631	-	-	-	183,631
Constables (6)	602,515	175,394	75,371	(5,583)	696,955
Narcotics Task Force	353,930	64,310	135,103	-	283,137
Total Law Enforcement	15,840,458	1,078,774	300,868	(5,583)	16,612,781
Juvenile Services					
Juvenile Probation	6,573,959	31,734	-	-	6,605,693
Total Juvenile Services	6,573,959	31,734	-	-	6,605,693
Public Transportation					
Metropolitan Planning	999,521	-	-	-	999,521
Road & Bridge	11,306,940	592,516	273,024	-	11,626,432
Infrastructure	34,544,705	1,361,361	-	-	35,906,066
Total Public Transportation	46,851,166	1,953,877	273,024	-	48,532,019

BRAZOS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY - Continued
For The Year Ended September 30, 2004

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets 10/01/03	Additions	Retirements	Adjustments And Transfers	Governmental Funds Capital Assets 09/30/04
Public Health					
Environmental Protection	811,955	-	-	-	811,955
Health Department	400,774	-	-	-	400,774
Total Public Health	1,212,729	-	-	-	1,212,729
Human Services					
Emergency Management	33,130	112,138	-	-	145,268
Brazos Center	2,277,413	7,647	-	-	2,285,060
Agricultural Extension	92,908	-	-	-	92,908
Elections	1,034,936	-	-	-	1,034,936
Exposition Center	2,593,564	384,747	-	-	2,978,311
Total Human Services	6,031,951	504,532	-	-	6,536,483
Capital Projects	-	-	-	-	-
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 88,023,234</u>	<u>\$ 4,331,588</u>	<u>\$ 606,249</u>	<u>\$ -</u>	<u>\$ 91,748,573</u>

BRAZOS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
September 30, 2004

FUNCTION AND ACTIVITY	Land	Buildings	Improvements	Machinery And Equipment	Infrastructure	Construction Work in Progress	Total
General Government							
County Judge	\$ 748	\$ 50,207	\$ 9,189	\$ -	\$ -	\$ -	\$ 60,144
Commissioners' Court	58,866	225,931	41,347	6,285	-	101,006	433,435
Community Support	25,375	62,125	-	-	-	-	87,500
County Treasurer	2,618	175,724	32,157	13,224	-	-	223,723
Risk Management	748	50,207	9,189	14,639	-	-	74,783
Tax Assessor-Collector	16,321	119,689	509,686	37,531	-	-	683,227
Information Technology	62,500	18,750	168,329	3,958,581	-	-	4,208,160
Personnel	1,496	100,414	18,375	-	-	-	120,285
County Auditor	4,488	301,242	55,127	6,816	-	-	367,673
Purchasing Administration	1,496	100,414	18,375	13,076	-	-	133,361
Building Maintenance	170,556	244,553	58,501	74,444	-	-	548,054
Total General Government	345,212	1,449,256	920,275	4,124,596	-	101,006	6,940,345
Justice System							
County Attorney	12,342	828,415	151,602	136,121	-	-	1,128,480
District Attorney	9,725	652,691	119,444	79,054	-	-	860,914
District Clerk	10,098	677,794	124,038	65,814	-	-	877,744
County Clerk	4,114	276,138	50,534	26,547	-	-	357,333
District Courts	5,610	376,551	68,910	37,398	-	-	488,469
County Courts At Law	4,114	522,858	50,534	5,132	-	-	582,638
Justices of the Peace (5)	29,424	131,881	22,000	20,759	-	-	204,064
Community Supervision	187,500	56,250	504,987	-	-	-	748,737
Court Master	748	50,207	9,189	-	-	-	60,144
Total Justice System	263,675	3,572,785	1,101,238	370,825	-	-	5,308,523
Law Enforcement							
Sheriff/Jail	106,604	13,005,026	312,393	2,022,535	-	2,500	15,449,058
Courthouse Security	1,122	75,310	13,782	93,417	-	-	183,631
Constables (4)	30,172	157,909	31,189	477,685	-	-	696,955
Narcotics Task Force	-	-	-	283,137	-	-	283,137
Total Law Enforcement	137,898	13,238,245	357,364	2,876,774	-	2,500	16,612,781
Juvenile Services							
Juvenile Probation	81,169	6,319,673	32,173	172,678	-	-	6,605,693
Total Juvenile Services	81,169	6,319,673	32,173	172,678	-	-	6,605,693
Public Transportation							
Metropolitan Planning	-	-	994,180	5,341	-	-	999,521
Road & Bridge	5,326,526	321,050	549,785	5,448,070	35,299,117	587,950	47,532,498
Total Public Transportation	5,326,526	321,050	1,543,965	5,453,411	35,299,117	587,950	48,532,019

BRAZOS COUNTY, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY - Continued
September 30, 2004

FUNCTION AND ACTIVITY	Land	Buildings	Improvements	Machinery And Equipment	Infrastructure	Construction Work in Progress	Total
Public Health							
Environmental Protection	569,042	90,908	152,005	-	-	-	811,955
Health Department	122,213	139,824	138,737	-	-	-	400,774
Total Public Health	<u>691,255</u>	<u>230,732</u>	<u>290,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,212,729</u>
Human Services							
Emergency Management	-	-	-	145,268	-	-	145,268
Brazos Center	28,084	1,532,411	604,621	119,944	-	-	2,285,060
Agricultural Extension	-	63,441	29,467	-	-	-	92,908
Elections	-	-	-	1,034,936	-	-	1,034,936
Exposition Center	-	-	-	-	-	2,978,311	2,978,311
Total Human Services	<u>28,084</u>	<u>1,595,852</u>	<u>634,088</u>	<u>1,300,148</u>	<u>-</u>	<u>2,978,311</u>	<u>6,536,483</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u><u>\$ 6,873,819</u></u>	<u><u>\$ 26,727,593</u></u>	<u><u>\$ 4,879,845</u></u>	<u><u>\$ 14,298,432</u></u>	<u><u>\$ 35,299,117</u></u>	<u><u>\$ 3,669,767</u></u>	<u><u>\$ 91,748,573</u></u>

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TABLE 1

BRAZOS COUNTY, TEXAS
Comparative Government-wide Revenues
Last Two Fiscal Years (1)

Fiscal Year	Taxes				Investment Earnings	Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Totals
	Property	Sales	Motor Vehicle	Mixed Drink					
2003	\$ 24,127,005	\$ 7,723,285	\$ 1,147,480	\$ 317,091	\$ 594,314	\$ 8,205,775	\$ 3,090,190	\$ 58,911	\$ 45,264,051
2004	\$ 26,932,638	\$ 8,413,179	\$ 1,136,744	\$ 348,790	\$ 684,525	\$ 10,466,453	\$ 3,293,962	\$ 291,411	\$ 51,567,702

(1) Only two years presented since GASB 34 implementation.

TABLE 2

BRAZOS COUNTY, TEXAS
 Comparative Government-wide Expenses By Function
 Last Two Fiscal Years (1)

<u>Fiscal Year</u>	<u>General Government</u>	<u>Justice System</u>	<u>Law Enforcement</u>	<u>Juvenile Services</u>	<u>Public Transporation</u>	<u>Public Health</u>	<u>Human Services</u>	<u>Interest and Other Fees</u>	<u>Total</u>
2003	\$ 11,890,781	\$ 8,684,058	\$ 11,271,954	\$ 3,802,706	\$ 6,394,828	\$ 1,761,796	\$ 1,578,544	\$ 1,349,227	\$ 46,733,894
2004	\$ 12,633,863	\$ 9,392,776	\$ 11,956,232	\$ 3,739,205	\$ 5,360,370	\$ 1,726,770	\$ 1,826,466	\$ 1,648,665	\$ 48,284,347

(1) Only two years presented since GASB 34 implementation.

TABLE 3

BRAZOS COUNTY, TEXAS

Comparative Condensed Summary of Revenues - All Governmental Fund Types

Last Ten Fiscal Years

<u>Year</u>	<u>Taxes</u>	<u>Charges For Services</u>	<u>Inter- Governmental</u>	<u>Other Revenues</u>	<u>Total Revenues</u>
1995	19,973,481	4,495,882	2,764,068	1,652,919	28,886,350
1996	20,947,817	4,532,552	1,606,924	1,677,282	28,764,575
1997	22,241,409	4,905,587	1,772,849	1,941,429	30,861,274
1998	23,604,383	5,385,904	1,726,895	1,984,415	32,701,597
1999	24,758,878	5,826,637	4,119,599	2,171,859	36,876,973
2000	26,345,581	6,540,655	2,777,633	2,641,456	38,305,325
2001	27,943,430	7,340,467	3,585,094	2,278,417	41,147,408
2002	30,383,866	7,444,715	3,155,142	1,246,088	42,229,811
2003	32,152,880	7,171,392	3,149,101	1,238,072	43,711,445
2004	35,680,824	7,736,038	3,578,354	1,263,638	48,258,854

BRAZOS COUNTY, TEXAS
Comparative Summary of Expenditures - All Governmental Fund Types
Last Ten Fiscal Years

<u>Year</u>	<u>General Government</u>	<u>Justice System</u>	<u>Law Enforcement</u>	<u>Juvenile Services</u>	<u>Public Transportation</u>	<u>Public Health</u>	<u>Human Services</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total Expenditures</u>
1995	5,840,390	4,998,729	6,300,471	2,402,581	5,099,246	772,347	1,538,417	1,524,802	1,800,958	30,277,941
1996	5,089,108	5,003,765	5,846,936	2,095,425	5,107,220	710,274	1,419,807	2,552,377	1,626,479	29,451,391
1997	6,323,514	5,370,526	6,044,899	2,629,158	4,475,856	696,832	1,316,479	5,829,926	1,831,620	34,518,810
1998	8,215,152	5,984,026	5,881,313	2,971,105	4,519,192	687,894	1,090,016	1,059,773	2,074,517	32,482,988
1999	8,022,647	6,358,865	6,502,196	3,298,091	5,593,200	932,440	1,081,526	4,653,824	1,809,843	38,252,632
2000	6,164,034	6,900,094	8,153,475	3,576,044	8,076,525	1,477,284	1,285,436	5,290,608	1,827,141	42,750,641
2001	6,803,843	7,351,632	8,904,725	4,386,392	7,813,063	1,629,373	1,192,880	2,108,711	1,833,627	42,024,246
2002	8,491,208	7,977,099	9,800,657	3,742,505	7,653,911	1,727,396	1,355,005	5,053,281	2,302,411	48,103,473
2003	8,331,368	8,492,929	10,542,502	3,614,194	6,345,972	1,747,062	1,397,062	3,188,316	3,045,152	46,704,557
2004	9,398,660	9,460,213	11,550,365	3,650,819	4,878,592	1,701,189	1,663,257	4,338,542	3,633,831	50,275,468

BRAZOS COUNTY, TEXAS
Property Tax Levies and Collections
And Schedule of Property Taxes Receivable
Last Ten Years

Tax Year/ Fiscal Year	Total Tax Levy	Current Tax Changes and Collections	Current Collections as Percent of Tax Levy	Delinquent Tax Changes and Collections (1)	Total Collections	Total Collections as Percent of Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Tax Levy
1945 through 1994/1995 (2)	\$ --	\$ --	--	\$ --	\$ --	--	\$ 207,150	\$ --
1995/1996	15,071,727	14,794,691	98.16%	249,776	15,044,467	99.82%	27,260	0.18%
1996/1997	15,968,203	15,671,528	98.14%	267,112	15,938,640	99.81%	29,563	0.19%
1997/1998	17,061,045	16,625,071	97.44%	399,835	17,024,906	99.79%	36,139	0.21%
1998/1999	17,749,856	17,360,005	97.80%	344,098	17,704,103	99.74%	45,753	0.26%
1999/2000	18,933,265	18,552,512	97.99%	320,291	18,872,803	99.68%	60,462	0.32%
2000/2001	20,732,000	20,004,504	96.49%	615,739	20,620,243	99.46%	111,757	0.54%
2001/2002	22,629,312	21,988,027	97.17%	491,435	22,479,462	99.34%	149,850	0.66%
2002/2003	24,066,065	22,721,649	94.41%	1,138,112	23,859,761	99.14%	206,304	0.86%
2003/2004	26,929,514	26,564,663	98.65%	(128,146)	26,436,517	98.17%	492,997	1.83%
						Balance:	<u><u>1,367,235</u></u>	

NOTE: (1) Changes in Tax Roll since issued.

(2) Amount of delinquent taxes from 1945 to 1995.

Taxes receivable by fund:

General	\$ 1,174,865
Debt Service	<u>192,370</u>
Total	<u><u>\$ 1,367,235</u></u>

TABLE 6

BRAZOS COUNTY, TEXAS

Assessed and Estimated Actual Value of Taxable Property (1-2)

Last Ten Years

Tax Year/ Fiscal Year	Actual Assessed Value		
	Real Property	Personal Property	Total
1994/1995	2,662,916,207	733,810,212	3,396,726,419
1995/1996	2,906,482,819	769,522,658	3,676,005,477
1996/1997	3,033,968,634	783,526,598	3,817,495,232
1997/1998	3,234,530,962	846,057,029	4,080,587,991
1998/1999	3,396,189,264	856,281,069	4,252,470,333
1999/2000	3,665,546,939	866,662,574	4,532,209,513
2000/2001	4,026,600,490	920,553,658	4,947,154,148
2001/2002	4,404,363,720	983,496,343	5,387,860,063
2002/2003	5,209,340,502	981,629,223	6,190,969,725
2003/2004	5,672,273,191	1,076,964,447	6,749,237,638

NOTE: (1) The assessed value is the total adjusted assessed valuation net of exempt properties as certified by the Appraisal Review Board.

(2) All property assessed at 100 percent of value as certified by the Central Appraisal District.

TABLE 7

BRAZOS COUNTY, TEXAS
Property Tax Rates - All Direct and Overlapping Governments
Last Ten Years

TAX RATES *						
Tax Year/ Fiscal Year	Brazos County	City of Bryan	Bryan I. S. D.	City of College Station	College Station I. S. D.	Total
1994/1995	0.4184	0.6100	1.5200	0.4450	1.6100	4.6034
1995/1996	0.4100	0.6100	1.5200	0.4450	1.6100	4.5950
1996/1997	0.4180	0.6324	1.5340	0.4427	1.6900	4.7171
1997/1998	0.4174	0.6295	1.6440	0.4293	1.7400	4.8602
1998/1999	0.4174	0.6367	1.6820	0.4293 (1)	1.7500 (1)	4.9154
1999/2000	0.4174	0.6367	1.5880	0.4293	1.7500	4.8214
2000/2001	0.4100	0.6364	1.6150	0.4293	1.7500	4.8407
2001/2002	0.4200	0.6364	1.6680	0.4777	1.7900	4.9921
2002/2003	0.4146	0.6364	1.7120	0.4777	1.7900 (1)	5.0307
2003/2004	0.4350	0.6364	1.6800	0.4653	1.7700	4.9867

* Per \$100 of Assessed Value

(1) Corrections have been made based on the FY04 CAFR of City of College Station.

TABLE 8

BRAZOS COUNTY, TEXAS

Ten Largest Taxpayers

September 30, 2004

Taxpayer	Type of Business	Assessed Values (1)	% of Assessed Value to Total Assessed
			Values (2)
Verizon Communications	Communications	\$ 79,968,580	1.18%
C B L & Associates	Mall Development	49,331,205	0.73%
Wal-Mart/Sam's	Retail/Wholesale	43,859,465	0.65%
Adam Development	Development	41,208,280	0.61%
Anadarko E&P Company, LP	Gas Production	34,147,695	0.51%
Alkosser/Weinberg Etal	Gas Production	33,666,285	0.50%
College Station Hospital LP	Health	32,787,670	0.49%
Devon Gas Services, LP	Gas Production	27,834,305	0.41%
H-E-B; H E Butt Store Property Co.	Retail/Grocery	23,033,730	0.34%
R&S Leasing	Realty	20,716,926	0.31%
Total Assessed Values		\$ 386,554,141	5.73%

NOTE: (1) Brazos County Appraisal District

(2) Total adjusted assessed valuation net of exempt properties as certified
by the Appraisal Review Board - \$ 6,749,237,638

TABLE 9

BRAZOS COUNTY, TEXAS
Computation of Legal Debt Margin
September 30, 2004

Assessed Value (Note 1)		<u><u>\$ 6,749,237,638</u></u>
Debt Limit (Note 2)		1,418,068,298
Less amount of debt applicable to debt limit		
	Gross bonded debt (Note 3)	8,000,000
	Less available from Debt Service Fund	<u>1,623,742</u>
Total applicable to debt limit		<u>6,376,258</u>
Legal Debt Margin		<u><u>\$ 1,424,444,556</u></u>

NOTE: (1) Total adjusted assessed valuation net of exempt properties as certified by the Appraisal Review Board.

(2) Debt Limit 25% of assessed value of real property - \$5,672,273,191

Article 3, Section 52, of the Texas Constitution.

(3) Includes only general obligation bonds.

TABLE 10

BRAZOS COUNTY, TEXAS

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures

Last Ten Years

Fiscal Year	(1) Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service To Total General Expenditures
					<u>Total General Expenditures</u>
1995	980,000	183,280	1,163,280	30,277,941	3.8%
1996	1,025,000	138,880	1,163,880	29,451,391	4.0%
1997	1,075,000	87,893	1,162,893	34,518,810	3.4%
1998	1,080,000	30,240	1,110,240	32,482,988	3.4%
1999	-	-	-	38,252,632	-
2000	-	-	-	42,750,641	-
2001	-	-	-	42,024,246	-
2002	-	297,343	297,343	48,103,473	0.6%
2003	-	396,457	396,457	46,704,557	0.8%
2004	-	396,458	396,458	50,275,468	0.8%

NOTE: (1) Includes all governmental fund types.

TABLE 11

BRAZOS COUNTY, TEXAS
Ratio of Net General Bonded Debt
to Assessed Value and Net Bonded Debt Per Capita
Last Ten Years

<u>Tax Year/ Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>General Obligation Bonded Debt</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1994/1995	135,003 (1)	3,396,726,419	3,180,000	898,049	2,281,951	0.07%	16.90
1995/1996	138,093 (1)	3,676,005,477	2,155,000	302,705	1,852,295	0.05%	13.41
1996/1997	138,985 (1)	3,817,495,232	1,080,000	182,540	897,460	0.02%	6.46
1997/1998	140,025 (1)	4,080,587,991	-	-	-	-	-
1998/1999	143,436 (1)	4,252,470,333	-	-	-	-	-
1999/2000	152,415 (1)	4,532,209,513	-	-	-	-	-
2000/2001	155,449 (2)	4,947,154,148	-	-	-	-	-
2001/2002	156,415 (1)	5,387,860,063	8,000,000	1,961,310	6,038,690	0.11%	38.61
2002/2003	162,787 (1)	6,190,969,725	8,000,000	1,612,877	6,387,123	0.10%	39.24
2003/2004	161,779 (1)	6,749,237,638	8,000,000	1,623,742	6,376,258	0.09%	39.41

NOTE: (1) As estimated by the Texas State Data Center.

(2) Official Census Data

TABLE 12

BRAZOS COUNTY, TEXAS

Computation of Direct and Overlapping Debt

September 30, 2004

<u>Taxing Jurisdiction</u>	Total Direct and Overlapping Funded Debt (1)	Estimated Percent Applicable
Brazos County	\$ 6,376,258	100%
City of Bryan	67,846,107	100%
City of College Station	81,790,000	100%
Independent School Districts (2)	<u>128,935,000</u>	100%
Total estimated overlapping funded debt	<u>\$ 284,947,365</u>	
Ratio overlapping debt to 100% assessed valuation	<u>4.22%</u>	
Per capita overlapping funded debt	<u>\$ 1,761.34</u>	

(1) General Obligation Bonds outstanding less amount available in Debt Service Fund

(2) Independent School District debt includes:

College Station Independent School District - \$65,670,000

Bryan Independent School District - \$63,265,000

BRAZOS COUNTY, TEXAS

Miscellaneous Statistical Data

September 30, 2004

Organization	Brazos County was created in 1841 and named for the Brazos River, which is the southwest border of the County.
Government	The County is governed by four (4) elected Commissioners and one (1) County Judge. It is audited by the County Auditor who is appointed by the 85th, 272nd, and 361st Judicial District Judges of the State of Texas.
Area	586 square miles, bounded by the Brazos River on the southwest, the Old San Antonio Road on the northwest, and the Navasota River on the east.
Miles of Roads	450 miles of County maintained roads.
Fire Protection	Each precinct has a voluntary Fire Department, and when needed, has the assistance of the Bryan and College Station Fire Departments.
Police Protection	The County Sheriff's Department, 5 precinct constables, the Cities of Bryan and College Station Police Departments, Campus Security at Texas A & M University, Campus Security at Blinn College, and the Texas Department of Public Safety comprise most of the law enforcement of the County. The County maintains the jail at the courthouse, a detention facility on Sandy Point Road, and a juvenile detention facility.
Education	<p>Independent School Districts of:</p> <p style="padding-left: 40px;">Bryan</p> <p style="padding-left: 40px;">College Station</p> <p style="padding-left: 40px;">Navasota</p> <p>Texas A & M University</p> <p>Blinn College</p> <p>Private Schools:</p> <p style="padding-left: 40px;">Aggieland Country School</p> <p style="padding-left: 40px;">Allen Academy</p> <p style="padding-left: 40px;">St. Michael's Academy</p> <p style="padding-left: 40px;">St. Joseph Catholic School</p> <p style="padding-left: 40px;">Bethel Temple Christian School</p> <p style="padding-left: 40px;">Brazos Christian School</p> <p style="padding-left: 40px;">Montessori School House</p>

BRAZOS COUNTY, TEXAS

Miscellaneous Statistical Data

September 30, 2004

Population		
1950	Census	38,390
1960	Census	44,895
1970	Census	57,978
1980	Census	93,588
1990	Census	121,862
2000	Census	152,415
2001	(1)	155,449
2002	(1)	156,415
2003	(1)	162,787
2004	(1)	161,779

(1) Population as estimated by the Texas State Data Center.

<u>General Election</u>	<u>Registered Voters</u>	<u>Voted in Election</u>	<u>Percent Participation</u>
11/07/95	61,663	9,219	14.95%
11/07/96	70,204	39,422	56.15%
11/04/97	73,389	8,094	11.03%
11/03/98	75,516	26,981	35.73%
11/02/99	72,182	5,449	7.55%
11/07/00	84,945	47,606	56.04%
11/07/01	88,331	3,929	4.45%
11/05/02	91,220	29,175	31.98%
09/13/03	86,558	6,449	7.45%
11/02/04	86,283	54,904	63.63%

BRAZOS COUNTY, TEXAS

Miscellaneous Statistical Data

September 30, 2004

Labor Force Statistics *

	1998	1999	2000	2001	2002	2003	2004
Labor Force	71,839	75,815	76,181	76,884	78,073	85,296	86,543
Unemployed	1,254	1,351	1,211	1,245	1,417	1,945	1,455
% Unemployed	1.8	1.8	1.6	1.6	1.8	2.3	1.7
Employed	70,585	74,464	74,970	75,639	76,656	83,351	85,088

* Includes resident wage and salary workers, self-employed, unpaid family workers and domestics in private households, agricultural workers and workers involved in labor-management disputes. Source: Texas Workforce Commission, Bryan, Texas.

Major Employers (Non Retail)**	Employees
Texas A&M University & System	12,000
Bryan Independent School District	2,090
St. Joseph Regional Hospital	1,560
Sanderson Farms	1,500
College Station Independent School District	1,100
UCS/Rentsys	850
City of College Station	800
City of Bryan	771
Brazos County***	727
Blinn College	609

** Figures provided by Research Valley Partnership.

*** Figure provided by Brazos County records.

Employed by the County	Elected Officials	Appointed Officials	Employees
On September 30, 1995	30	3	596
On September 30, 1996	30	3	644
On September 30, 1997	30	3	627
On September 30, 1998	30	3	635
On September 30, 1999	27	3	661
On September 30, 2000	27	3	651
On September 30, 2001	27	3	668
On September 30, 2002	27	3	710
On September 30, 2003	27	3	668
On September 30, 2004	25	5	727

BRAZOS COUNTY, TEXAS
Property Value and Building Permits
Last Ten Years

Fiscal Year	Property Value (1)	Building Permits (2)
1995	3,396,726,419	134,304,842
1996	3,676,005,477	146,821,676
1997	3,817,495,232	193,363,182
1998	4,080,587,991	188,890,435
1999	4,252,470,333	255,218,735
2000	4,532,209,513	274,644,286
2001	4,947,154,148	201,458,617
2002	5,387,860,063	236,811,128
2003	6,190,969,725	271,105,822
2004	6,749,237,638	308,327,706

NOTE: (1) Net as certified by the Appraisal Review Board.

(2) Total value of all building permits issued by the
City of Bryan and the City of College Station.

TABLE 15

BRAZOS COUNTY, TEXAS

Annual Compensation and Surety Bonds for Principal Officials

For the Twelve Month Period Ended September 30, 2004

<u>Elected Official</u>	<u>Title</u>	<u>Annual Salary</u>	<u>Amount of Surety Bond</u>
Randy Sims	County Judge	\$ 70,800	\$ 5,000
J.D. Langley	85th District Court Judge	10,020	-
Rick Davis	272nd District Court Judge	9,300	-
Steve Smith	361st District Court Judge	9,540	-
James Locke	County Court-at-Law Judge	110,776	5,000
Randy Michel	County Court-at-Law Judge	110,296	5,000
E. Duane Peters	Precinct 2 Commissioner	53,624	3,000
G. Kenny Mallard, Jr.	Precinct 3 Commissioner	53,144	3,000
Carey Cauley, Jr.	Precinct 4 Commissioner	53,384	3,000
Karen McQueen	County Clerk	52,154	180,000
Gerald L. Winn	Tax Assessor-Collector	54,916	100,000
Marc Hamlin	District Clerk	54,586	100,000
Bill Turner	District Attorney	10,330	5,000
James Kuboviak	County Attorney	92,995	2,500
Kay Hamilton	County Treasurer	50,394	25,000
Christopher C. Kirk	County Sheriff	68,560	5,000
Justices of the Peace:			
Charles Ellis	Precinct 1	44,200	5,000
Margaret Meece	Precinct 2 Place 1	44,200	5,000
Ray M. Truelove	Precinct 2 Place 2	45,160	5,000
George H. Boyett	Precinct 3	44,680	5,000
Ramero Quintero	Precinct 4	44,200	5,000
Constables:			
Donald Lampo	Precinct 2	37,830	5,000
Dee W. Thompson	Precinct 3	38,550	5,000
Isaac Butler, Jr.	Precinct 4	38,550	5,000
Phil Sikes	Precinct 6	38,310	-
<u>Appointed Official</u>			
Eric Caldwell	(1) Precinct 1 Commissioner	53,144	3,000
Archie Clark	(1) Precinct 1	38,310	1,500
Katie Conner	County Auditor	70,536	5,000

(1) Eric Caldwell was appointed 12/11/03 and Archie Clark was appointed on 6/12/04.

TABLE 16

BRAZOS COUNTY, TEXAS
General Fund
Salary and Wages By Function
Last Five Fiscal Years

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General Government	\$ 3,398,641	\$ 3,251,589	\$ 3,028,014	\$ 2,705,066	\$ 2,516,478
Justice System	4,920,746	4,628,460	4,387,470	4,083,747	3,869,961
Law Enforcement	6,534,751	6,045,185	5,739,872	5,079,575	4,588,267
Juvenile Services	1,804,742	1,913,899	1,936,131	1,621,877	1,542,051
Public Transportation	1,657,518	1,670,521	1,580,327	1,473,654	1,441,536
Human Services	<u>491,473</u>	<u>439,935</u>	<u>432,310</u>	<u>448,487</u>	<u>456,193</u>
TOTALS	<u>\$ 18,807,871</u>	<u>\$ 17,949,589</u>	<u>\$ 17,104,124</u>	<u>\$ 15,412,406</u>	<u>\$ 14,414,486</u>

TABLE 17

BRAZOS COUNTY, TEXAS
General Fund
Annual Salary and Benefits By Function
For the Year Ended September 30, 2004

	<u>Salary</u>	<u>Social Security</u>	<u>Retirement</u>	<u>Health & Dental Insurance</u>	<u>Worker's Compensation</u>	<u>Cafeteria Plan Administration Fees</u>	<u>TOTAL</u>
General Government	\$ 3,398,641	\$ 245,881	\$ 387,356	\$ 558,333	\$ 26,183	\$ 3,049	\$ 4,619,443
Justice System	4,920,746	358,212	555,720	699,051	17,202	3,498	6,554,429
Law Enforcement	6,534,751	479,089	740,561	1,098,314	153,515	4,675	9,010,905
Juvenile Services	1,804,742	136,573	197,790	283,925	7,580	1,480	2,432,090
Public Transportation	1,657,518	120,457	176,879	309,971	64,626	1,196	2,330,647
Human Services	<u>491,473</u>	<u>39,257</u>	<u>46,555</u>	<u>75,470</u>	<u>6,116</u>	<u>318</u>	<u>659,189</u>
TOTALS	<u>\$ 18,807,871</u>	<u>\$ 1,379,469</u>	<u>\$ 2,104,861</u>	<u>\$ 3,025,064</u>	<u>\$ 275,222</u>	<u>\$ 14,216</u>	<u>\$ 25,606,703</u>

**INDEPENDENT AUDITOR'S REPORTS ON
COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
SEPTEMBER 30, 2004**

INGRAM, WALLIS & COMPANY

A PROFESSIONAL CORPORATION

Certified Public Accountants

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BRYAN, TEXAS 77802

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Honorable Randy Sims, County Judge
and the Honorable County Commissioners
Brazos County, Texas

We have audited the financial statements of Brazos County, Texas (the "County") as of and for the year ended September 30, 2004, and have issued our report thereon dated December 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management and state and federal regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Bryan, Texas
December 17, 2004

Ingram, Wallis & Company

INGRAM, WALLIS & COMPANY

A PROFESSIONAL CORPORATION

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Randy Sims, County Judge
and the Honorable County Commissioners
Brazos County, Texas

Compliance

We have audited the compliance of Brazos County, Texas (the "County") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2004. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on each of its major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bryan, Texas
December 17, 2004

Impron, Waller & Company

BRAZOS COUNTY, TEXAS
Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor/State Number	Program/ Award Amount	Accounts Receivable (Payable) October 1, 2003	Receipts	Expenditures	Grant Funds Refunded in 2004	Accounts Receivable (Payable) September 30, 2004
<u>U. S. Department of Justice</u>								
Local Law Enforcement Block Grant	16.592	2001-LB-BX-2756	45,538	\$ (3,942)	\$ --	\$ --	\$ 3,942	\$ --
		10/25/01-10/24/03						
	16.592	2002-LB-BX-2030	32,757	(32,757)	--	32,757	--	--
		7/12/02-7/1104						
	16.592	2003-LB-BX-2055	24,830	--	24,830	5,181	--	(19,649)
		11/10/03--/09/05						
State Criminal Alien Assistance Program	16.606	2003-AP-BX-0301	49,300	49,300	49,300	--	--	--
		7/01/01-6/30/02						
	16.606	2004-AP-BX-0358	63,854	--	63,854	63,854	--	--
		7/01/02-6/30/03						
Gun Violence Prosecution Grant	16.609	2002-GP-CX-0172	120,000	13,312	70,699	60,367	--	2,980
		3/01/02-2/28/05						
				25,913	208,683	162,159	3,942	(16,669)
<u>Passed through the Texas Engineering Extension Service</u>								
Emergency Preparedness Grant	97.004	N/A	117,204	--	112,138	116,170	--	4,032
				--	112,138	116,170	--	4,032
<u>Passed through Office of the Governor of Texas, Criminal Justice Division</u>								
Narcotics Task Force	16.579	DB-03-A10-13867-05	650,000	154,163	649,984	495,821	--	--
		06/01/03-05/31/04						
Narcotics Task Force	16.579	DB-04-A10-13867-06	650,000	--	90,277	194,090	--	103,813
		06/01/04-05/31/05						
Juvenile Accountability Incentive Block Grant	16.523	JB-00-J20-15463-03	51,817	42,465	42,465	--	--	--
Juvenile Accountability Incentive Block Grant	16.523	JB-02-J20-15463-04	43,745	245	11,151	42,291	--	31,385
				196,873	793,877	732,202	--	135,198
<u>U. S. Department of Transportation</u>								
<u>Passed through State Department of Highways and Public Transportation</u>								
Metropolitan Planning Organization	20.205	503XXF0024	140,726	12,145	12,145	--	--	--
Metropolitan Planning Organization	20.205	504XXF0024	264,932	--	189,404	229,371	--	39,967
Sale to Intoxicated Persons	20.600	581XXF5006	30,958	--	--	--	--	--
Comprehensive Underage Drinking Education Program	20.600	582XXF5003	46,204	5,445	5,445	--	--	--
Comprehensive Underage Drinking Education Program	20.600	584XXF5009	46,204	--	32,927	42,160	--	9,233
Local Rail Economic Feasibility & Location Study	20.205	2000-014	1,131,345	135,761	67,882	3	--	67,882
				153,351	307,803	271,534	--	117,082
<u>U.S. Federal Transit Administration</u>								
<u>Passed through Brazos Valley Community Action Agency/Brazos Transit District</u>								
Metropolitan Planning Organization	20.505	N/A	30,000	20,190	20,190	--	--	--
Metropolitan Planning Organization	20.505	N/A	30,000	--	28,130	28,130	--	--
				20,190	48,320	28,130	--	--

BRAZOS COUNTY, TEXAS
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended September 30, 2004

r/Pass-Through Grantor/Program Title	Federal	Pass-Through	Program/	Accounts	Receipts	Expenditures	Grant Funds Refunded in 2004	Accounts
	CFDA Number	Grantor/State Number	Award Amount	Receivable (Payable) October 1, 2003				Receivable (Payable) September 30, 2004
<u>U. S. Federal Emergency Management Agency</u>								
<u>Passed through Texas Department of Public Safety</u>								
Division of Emergency Management	97.042	EMT-2003-GR-0005	43,492	\$ 20,711	\$ 19,870	\$ (841)	\$ --	\$ --
Division of Emergency Management	97.042	EMT-2004-GR-0105	43,492	--	32,619	43,492	--	10,873
				<u>20,711</u>	<u>52,489</u>	<u>42,651</u>	<u>--</u>	<u>10,873</u>
<u>U. S. Department of Health and Human Services</u>								
<u>Passed through the Texas Department of Protective</u>								
<u>and Regulatory Services</u>								
Title IV-E-Legal(CPS)	93.658	09/01/02-08/31/03	--	27,212	27,212	--	--	--
	93.658	09/01/03-08/31/04	--	4,473	42,223	50,482	--	12,732
	93.658	09/1/04-08/31/05	--	--	--	4,580	--	4,580
Title IV-E-Foster Care Maintenance	93.658	09/01/02-08/31/03	--	9,358	9,398	40	--	--
	93.658	09/01/03-08/31/04	--	333	3,935	8,044	--	4,442
	93.658	09/01/04-08/31/05	--	--	--	--	--	--
				<u>41,376</u>	<u>82,768</u>	<u>63,146</u>	<u>--</u>	<u>21,754</u>
<u>Passed through the Texas Juvenile Probation</u>								
<u>Commission</u>								
Title IV- E- Administration	93.658	09/01/02-08/31/03	--	167,987	167,987	--	--	--
	93.658	09/01/03-08/31/04	--	--	252,548	431,335	--	178,787
Title IV-E - Maintenance - Juvenile	93.658	TJPC-E-2002-021	--	(3,975)	--	--	3,975	--
	93.658	TJPC-E-2003-021	--	(33,074)	12,738	(873)	43,452	(3,233)
	93.658	TJPC-E-2004-021	--	1,247	915	38,109	--	38,441
	93.658	TJPC-E-2005-021	--	--	--	2,904	--	2,904
				<u>132,185</u>	<u>434,188</u>	<u>471,475</u>	<u>47,427</u>	<u>216,899</u>
<u>Passed through the Texas Department</u>								
<u>of Human Services</u>								
National School Lunch Program	10.555	07/01/02-06/30/03	--	1,868	1,868	--	--	--
	10.555	07/01/03-06/30/04	--	3,666	16,382	12,716	--	--
	10.555	07/01/04-06/30/05	--	--	--	3,309	--	3,309
School Breakfast Program	10.553	07/01/02-06/30/03	--	1,190	1,190	--	--	--
	10.553	07/01/03-06/30/04	--	2,811	11,656	8,845	--	--
	10.553	07/01/04-06/30/05	--	--	--	2,099	--	2,099
Food Services Division Commodities	10.550	07/01/03-06/30/04	--	--	1,535	1,535	--	--
	10.550	07/01/04-06/30/05	--	--	611	611	--	--
				<u>9,535</u>	<u>33,242</u>	<u>29,115</u>	<u>--</u>	<u>5,408</u>
<u>U. S. Department of Housing and Urban Development</u>								
<u>Passed through the Office of Rural and Community Affairs</u>								
Texas Community Development Program	14.228	2003 CD Contract No. 723069	240,170	--	31,000	123,804	--	92,804
				--	31,000	123,804	--	92,804
Total Federal Assistance				<u>\$ 600,134</u>	<u>\$ 2,104,508</u>	<u>\$ 2,040,386</u>	<u>\$ 51,369</u>	<u>\$ 587,381</u>

BRAZOS COUNTY, TEXAS
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended September 30, 2004

State Grant or Program Title	Federal CFDA Number	Pass-Through Grantor/State Number	Program/ Award Amount	Accounts Receivable (Payable) October 1, 2003	Receipts	Expenditures	Grant Funds Refunded in 2004	Accounts Receivable (Payable) September 30, 2004
<u>Texas Juvenile Probation Commission</u>								
State Aid	N/A	TJPC-A-2003-021	376,463	\$ (325)	\$ --	\$ --	\$ 325	\$ --
		09/01/02-08/31/03						
State Aid	N/A	TJPC-A-2004-021	119,859	8,047	119,859	111,812	--	-
		09/01/03-08/31/04						
State Aid	N/A	TJPC-A-2005-021	119,859	--	--	8,517	--	8,517
		09/01/04-08/31/05						
Community Corrections Assistance Program	N/A	TJPC-Y-2004-021	198,024	13,357	198,024	180,634	--	(4,033)
		09/01/03-08/31/04						
Community Corrections Assistance Program	N/A	TJPC-Y-2004-021	198,024	--	--	16,287	--	16,287
		09/01/03-08/31/04						
Challenge	N/A	TJPC-C-2003-021	47,311	(7,173)	--	--	7,173	--
		09/01/02-08/31/03						
State Supplement	N/A	TJPC-Z-2004-021	123,975	8,539	123,975	83,825	--	(31,611)
		09/01/03-08/31/04						
State Supplement	N/A	TJPC-Z-2005-021	123,975	--	--	7,603	--	7,603
		09/01/04-08/31/05						
Progressive Sanctions Level 5 Placement	N/A	N/A	14,726	--	58,462	58,462	--	--
JJAEP	N/A	TJPC - P - 2003 - 021	N/A	(15,576)	--	(413)	15,989	--
JJAEP	N/A	TJPC - P - 2004 - 021	11,146	--	39,235	36,226	--	(3,009)
Progressive Sanctions Juvenile Probation Officers	N/A	TJPC-F-2004-021	94,104	12,784	94,104	81,320	--	--
		09/01/03-08/31/04						
Progressive Sanctions Juvenile Probation Officers	N/A	TJPC-F-2005-021	94,104	--	--	11,997	--	11,997
		09/01/04-08/31/03						
Progressive Sanctions Level 1-2-3 Program	N/A	TJPC-G-2004-021	38,525	--	38,525	38,525	--	--
		09/01/03-08/31/04						
Progressive Sanctions Level 1-2-3 Program	N/A	TJPC-G-2005-021	38,525	--	--	1,824	--	1,824
		09/01/04-08/31/05						
Progressive Sanctions ISJPO	N/A	TJPC-O-2004-021	27,240	3,454	27,240	23,786	--	--
		09/01/03-08/31/04						
Progressive Sanctions ISJPO	N/A	TJPC-O-2005-021	27,240	--	--	2,861	--	2,861
		09/01/04-08/31/05						
<u>Texas Task Force on Indigent Defense</u>	N/A	212-03-021	76,274	16,390	16,390	--	--	--
Indigent Defense Formula Grant		10/01/02-09/30/03						
<u>Office of Attorney General</u>								
VINE Program	N/A	04-04642	50,873	--	50,873	50,873	--	--
		12/01/03-11/30/04						
Total State Assistance				39,497	766,687	714,139	23,487	10,436
Total Federal and State Assistance				\$ 639,631	\$ 2,871,195	\$ 2,754,525	\$ 74,856	\$ 597,817

BRAZOS COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

General - The accompanying Schedule of Expenditures of Federal and State Awards presents all federal and state expenditures of Brazos County, Texas (the "County").

Basis of Accounting - The expenditures on the accompanying Schedule of Expenditures of Federal and State Awards are presented on the accrual basis.

Relationship to Financial Statements - Expenditures of federal and state awards are reported in the County's basic financial statements on the accrual basis.

Relationship to Federal Financial Reports - Amounts reported in the accompanying Schedule of Expenditures of Federal and State Awards agree with the amounts reported in the related federal and state financial reports in all significant respects.

SECTION I - SUMMARY OF AUDITORS' RESULTS

Auditee qualified as low-risk auditee? X yes no

BRAZOS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2004

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

BRAZOS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS

- 2003-01 Criteria - Cancellation of all invoices as they are paid reduces the possibility of duplicate payments, whether resulting from error or intentional fraud.
- Condition - During review of invoices, we noted several invoices not properly stamped paid or otherwise marked to avoid duplication.
- Recommendation - Cancellation of invoices should occur at the time of payment and be an inherent part of the payment process.
- Status - The County is continuing to make every effort to ensure that invoices are marked paid upon payment. It was recently determined that this condition generally occurs on certain types of payments such as demand checks and payroll deduction disbursements and we are now intensifying our efforts on these areas as well.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

- 2003-02 Criteria - Proper documentation must be retained to substantiate charges to grants. Acceptance and disposal of donated materials should be approved by the appropriate authority.
- Condition - Through review of reports issued by the Brazos County internal audit department and discussion with County personnel, we noted several matters involving the Juvenile Accountability Incentive Block Grant which operates the juvenile Boot Camp.
- Timesheets for tutors were not properly maintained. Several tutors were paid amounts that could not be determined as earned. Certain items purchased by the program or donated to the program could not be located during a physical inspection of the premises. Items purportedly stolen were not reported to the police. Also, the donated items did not go through the proper County procedures to accept and dispose of assets.
- Recommendation - We recommend strict control over record keeping be instituted at the Boot Camp to insure payment is made only for services properly rendered. An appropriate level of supervision over personnel involved in the acceptance of donated assets and disposal of all assets is also required.
- Status - Management of the Juvenile Services Department is aware of this issue and is continually working to correct this condition by educating the employees on proper procedures and requirements. Subsequent reviews by the State of Texas have not noted any deficiencies in these areas.

BRAZOS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS – CONTINUED

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - CONTINUED

2003-03 Criteria - Monthly reconciliations should be performed for grant reporting and proper supervision and review procedures should be in place to insure accurate and timely monthly reporting.

Condition - Numerous journal entries were required at year end to properly state the financial statements for state and federal award activity. It appears that supervision of grant reporting was not effectively performed throughout fiscal year 2003. Due to the need to reconcile financial reports and grant reports, final grant reports for several programs were not timely filed.

Recommendation - Monthly reconciliations of grant reports and general ledger reports should be reviewed by appropriate personnel prior to submission of the reports. Grant accountants should be properly trained in grant accounting issues. Final quarterly reports for all programs should be prepared, reviewed and submitted by the due date to avoid delays in future funding.

Status – The County has experienced turnover in both the financial management and grant accounting positions since October 2003. This turnover has eliminated this condition and the County does not expect a reoccurrence.

2003-04 Criteria - All applicable standards regarding Title IV-E case documentation should be followed to insure proper compliance with grant requirements.

Condition - A Title IV-E monitoring report from the Texas Juvenile Probation Commission noted noncompliance with case management standards. Based on the monitoring report, the County was required to pay back \$47,427 in overpaid foster care reimbursements.

Recommendation - All Brazos County Juvenile Probation Department employees should review program standards to ensure compliance in current Title IV-E files. An appropriate official should examine all applicable files prior to submission for the reimbursement request.

Status – Management of the Juvenile Probation Department has implemented this recommendation. Subsequent reviews by the State of Texas have resulted in excellent scores and this issue has been resolved.

BRAZOS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS – CONTINUED

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - CONTINUED

2003 - 05 Criteria - Students reported to TJPC as attending the JJAEP classes should be in agreement with actual attendance vouchers.

Condition and Questioned Cost - Actual daily attendance vouchers for JJAEP were not in agreement with the monthly attendance forms submitted to the TJPC. An excess of 7 days was reported. At the daily rate of \$59, the amount overpaid by TJPC was \$413.

Recommendation - The officer in charge of the TJPC program must reconcile the daily attendance vouchers to the monthly form submitted to TJPC prior to submission.

Status - This recommendation has been implemented and the condition has been resolved.

